The China Weekly REVIEW

密勒氏評論報

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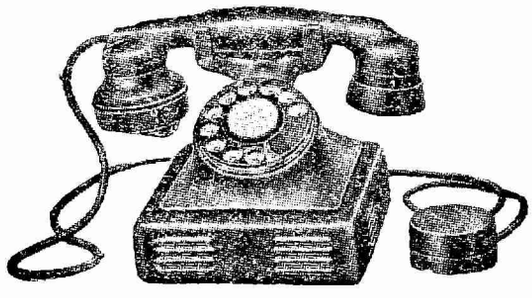

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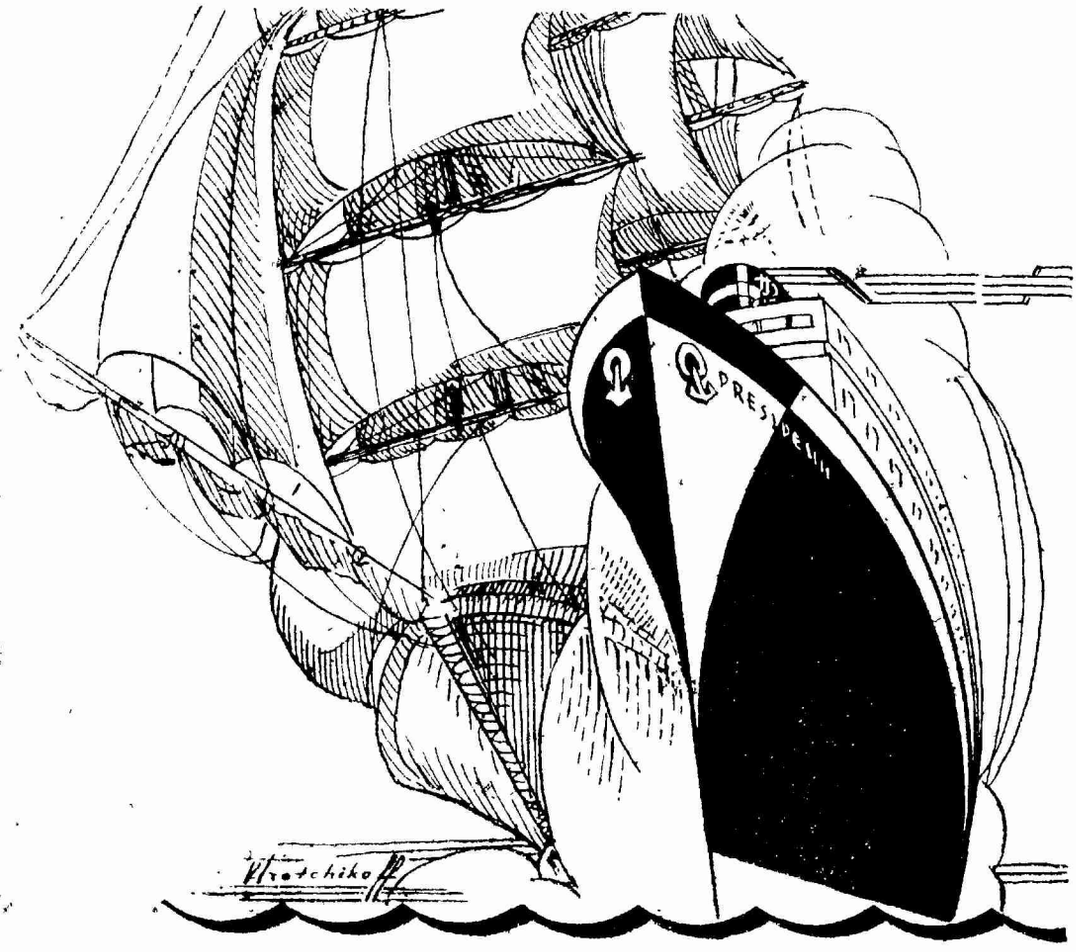

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JAPANESE ALLEGATION OF RUSSO-BRITISH RIVALRY IN SINKIANG

THE bulletin issued from the Japanese military headquarters in Tientsin on June 2 alleged that Soviet Russia recently has fundamentally changed her policy toward the Far East and in future will devote her attention to Sinkiang, Chinhai via Outer-Mongolia and Tibet, the object being to oppose the extension of British influence in those regions. The report stated that in order to avoid further complications with Japan and Manchukuo the Russians would abandon the Chinese Eastern Railway and withdraw their important economic organs even in the Siberian maritime provinces and devote their chief attention in future to the regions of central Asia. A chief object, according to the Japanese military report, will be to expel British influence from Tibet, the report stating, "under the present circumstances when the relations between Great Britain and Soviet Russia are already strained, the new move on the part of the Moscow Government will undoubtedly make the British Government more anxious regarding the future outlook." It was claimed that there recently has been established a new department in the Soviet Foreign Office, called the "Sinkiang Section," which will be devoted to extending Soviet influence among the Mohammedan and Mongolian races, "with the object of sovietizing China's boundary provinces...."

The foregoing report from Japanese sources was interesting in view of an earlier report which appeared in *The Review* (May 6) based on reports received in Nanking alleging that the recent Soviet action against British engineers connected with Metropolitan-Vickers in Moscow was in the nature of retaliation against recent British activities in Sinkiang. The Nanking report claimed that the Mohammedans who recently rebelled against the Chinese authorities in Sinkiang and occupied the provincial capital at Tihwa, had purchased their arms from British firms operating in northern India. There is further significance in the Japanese report referred to in the preceding paragraph, in that it suggested the possibility of a Russian-Japanese understanding growing out of the Russian decision to sell the Chinese Eastern Railway to the Japanese protected state of Manchukuo, whereby in exchange for this, Japan may give up her ambition to extend her influence into Outer Mongolia, long a Soviet dependency.

65-055

RECENT S. F. R. A. DEVELOPMENTS

T. O. THACKREY, editor of *The Shanghai Evening Post-Mercury*, whose name appeared in the original list of executive committee members of the recently organized Shanghai Foreign Residents Association, has resigned from the committee, according to a report received by *The Review* early this week. According to the report, Mr. Thackrey, along with Major Arthur Bassett of the British-American Tobacco Company, was recommended to the committee of the S. F. R. A. by the American Chamber of Commerce, but Mr. Thackrey has since written a letter to the Chamber declining the appointment. In a report pertaining to the activities of the S. F. R. A. which appeared in *The Review* last week, there was reproduced a dispatch from the *Osaka Mainichi* for May 17, from that paper's Shanghai correspondent, which stated that H. G. W. Woodhead, British columnist on the *Evening Post* was chiefly responsible for the organization of the S. F. R. A. The report stated further that the chief object of the organization was to work for the joint control of Shanghai by the Powers. It now appears, according to a statement received by *The Review*, that Mr. Woodhead was not the organizing genius of the S. F. R. A., although his name appeared on the list of original committee members. As a matter of fact there now seems to be a tendency on the part of each of the twenty-three original committee members to sidestep the responsibility for originating the idea; the latest report being that the chief organizers were R. D'Auxion de Ruffe, a local French lawyer and A. de C. Sowerby, editor of a local British monthly publication, *The China Journal*. Last week the S. F. R. A. inserted an advertisement in the local foreign newspapers soliciting members at a dollar each. The advertisement was headed, "The security of Shanghai is a definite asset to the general peace of China," and readers were referred to an editorial which appeared in *The North-China Daily News* on May 22, said editorial expressing considerable apprehension at the contemplated reduction in the strength of the British military forces stationed at Shanghai. Readers of the advertisement were urged to "send in your dollar" to the Secretaries, otherwise, Messrs. Beck and Swann, who are listed in the local directory as secretaries of eleven local British organizations, including the Automobile Club of China and the foreign liquor dealers' association. It is understood that some of the local foreign consular officials have discouraged their nationals from joining the organization, due to apprehension that the activities of the S. F. R. A. may result in complications with the local and national Chinese authorities.

According to reports pertaining to the activities of the S. F. R. A. which appeared in *The Review* on April 29, May 13 and June 3 it was shown quite conclusively that it was nothing more nor less than a continuation of the intrigue of a small group of foreign "die-hards" started last year for the creation of a so-called "free-city-state" embracing the territory at the mouth of the Yangtsze.

SOME RECENT MANCHUKUOAN DEVELOPMENTS

GEORGE BRONSON REA, who holds the post of Counsellor to the Japanese protected state of Manchukuo and for which service Mr. Rea presumably receives ample remuneration for presenting Japan's case to the American people, has now come out with the novel statement, that the population of Manchuria is not 97 percent Chinese, but at least 75 percent *Manchu*. Mr. Rea's object in making this statement was to controvert the report of the Lytton Commission which stated that the population of Manchuria is overwhelmingly Chinese. Rea claims the population is 75 percent *Manchu*, thus justifying Japan's action in splitting off these provinces from China and creating a puppet "Manchu" state as a preliminary to annexation. In making this statement Rea not only controverted the testimony of neutral observers, but of the Japanese themselves, for he admits that the League Commission obtained most of its facts regarding the population of Manchuria from the reports of the South Manchuria Railway and the *Manchurian Year Book*, both of which are Japanese publications. He also controverts numerous statements certifying to the overwhelming Chinese population of Manchuria which appear in the publications written by Henry W. Kinney, another American adviser connected with the South Manchuria Railway. In Kinney's book, "Modern Manchuria," written in 1928 there appear numerous statements certifying to the fact that most of the people in Manchuria are of Chinese blood. On Page 28 appears the statement that 'the influx of Chinese settlers during the last twenty years, has increased the population of Manchuria from 12,000,000 to over 28,000,000." But the best evidence, completely controverting Rea's latest propaganda, is by a well-known Japanese writer, Kinnosuke Adache, whose book, "Manchuria, A Survey," was published by Robert M. McBride (New York) in 1925. Rea attempted to show that the present-day Manchurian population is not made up largely of recent Chinese immigrants, but of descendants of the original occupiers of the soil, otherwise Manchus. Mr. Adachi proves quite conclusively that the Chinese population "conquest" of Manchuria is no recent event, but extends back through the centuries. In 1806 when the Manchu dynasty in Peking, officially opened Manchuria to Chinese immigration and appointed a special officer to watch over them, this amounted to an actual recognition more than a century and a quarter ago that Manchuria already had been "conquered" by the Chinese peasants who had occupied most of the available land in South Manchuria. To quote Mr. Adache's statement which appears on Page 43 of his book, "There is no heroic year in the chronicle of Manchuria that bugles the entrance of her conqueror, the Shantung Coolie, into the Eastern Three Provinces. We know that even back in the days of the Kingdom of Kaoli, 1,800 years ago, there were Chinese farmer settlements in the valley of the Liao which Kaoli warriors used to raid and loot. Ever since, Chinese have kept on filtering into Manchuria.....And what

is the result? Today, 564 years after the passing of the greatest empire the world has ever seen (Kublai Kahn)....we face this outstanding fact: More than 90 percent of the total population of the present-day Manchuria are the descendants of the humble Chinese who stole into the country." The Japanese writer, Mr. Adachi, goes to original ethnic sources to prove his statement, hence his conclusions are convincing. Mr. Rea depends upon the gullibility of the average American who really knows little about Manchuria, in order to make his propaganda appear convincing. But with those who really know something about the facts, Mr. Rea not only makes himself, but also his backers in the Tokyo military clique, appear ridiculous.

***

MR. REA would be on much safer ground if he would tell the American people on his forthcoming propaganda and speech-making tour of the United States, that while most of the people in Manchuria *were* Chinese prior to the Japanese occupation, they have ceased to be such since the occupation. In proof of this he might refer to a *Rengo* dispatch from Mukden which appeared in the Japanese newspapers on May 12 stating that when the Japanese gendarmes took a census of Mukden recently, the Chinese residents almost unanimously registered themselves as "citizens of Manchukuo" and did so for quite obvious reasons. However, there was one man who insisted he was Chinese. His name was Sun and he told the Japanese police officers, "I am Chinese and all members of my family are Chinese and not subjects of Manchukuo. We intend to remain Chinese forever." Mr. Sun, who was quoted in the Japanese papers as making this courageous statement, is the interpreter employed in the American Consulate-General at Mukden.

***

THE new Japanese-protected state of Manchukuo, apparently is to be saddled with the long-defaulted "Nishihara" loans, now amounting to well over 300,000,000 yen (pre-inflation yen), according to recent reports in the Japanese newspapers. The *Japan Advertiser* on May 23 reprinted a report which had been circulated by the official *Rengo* service, stating that the Industrial Bank of Japan, manager of the syndicate of 26 banks which had advanced the so-called Nishihara loans to the Chinese Anfu clique in Peking in 1918, had sent a representative to Changchun with the object of having the new Manchukuo regime assume responsibility for repayment. The Japanese argue that since most of these loans were advanced, announcedly for industrial development enterprises in Manchuria, it is therefore fitting and proper that Manchukuo should recognize them and repay them. However, since Manchukuo does not have any ready money, there is a possibility that the Manchukuo government might settle the loans by giving the Japanese banks shares in official enterprises already in existence or about to be started. The main Nishihara loans which were advanced to the Anfu clique of Chinese militarists, in temporary control of the Peking government between April and September of 1918, had as their basic aim the subsidizing of the Anfu military clique and through them the clinching of Japanese control over the Chinese government. Two of the loans amounting to more than 30,000,000 yen covered sales of Japanese rifles and ammunition to the Anfu clique. Other loans were earmarked to cover the construction of telephone and telegraph lines, railway enterprises, gold-mining schemes and forestry projects and finally the sum of 20,000,000 was to cover China's expences "in participating in the European war." The whole scheme, of course, was a political deal from beginning to end and as such was recognized by the Japanese Foreign Office under the Hara Cabinet which reversed the policy of the preceding Terauchi government. China repudiated the deal when the Anfu clique was kicked out and its members chased into the Japanese Legation in the Peking diplomatic quarter. But since the Japanese Government had encouraged the Japanese bankers to advance the loans for political purposes, it became necessary later on for the Tokyo administration to take over the loans in order to relieve the distress of the bankers who could not obtain repayment from China. Actually the Nishihara loans constituted a sort of aftermath of the Twenty-One Demands which were forced on China in 1915. Since the Twenty-One Demands policy largely failed, due to international opposition, the Tokyo military clique attempted to accomplish a similar objective three year later by bribing a military clique which was in temporary control of the Peking government. This also failed because the Anfu group was kicked out and the loans repudiated. Now, in view of the recent military conquest of Manchuria, the Tokyo warlords and their banking associates would solve the problem by saddling the Nishihara loans on the Manchukuo government!

***

SINCE the Chinese and Japanese military leaders in north China have signed a truce, after some twenty months of fighting, it is interesting again to consider the losses in human beings resulting from the undeclared warfare. In *The Review* on May 6 there appeared a report from the official bulletin issued by the Japanese military headquarters in Tientsin which claimed that Japanese casualties between September 18, 1931 and April 10, 1933, totalled 4,947, including 1,479 killed and 3,468 wounded. But on March 8, a week preceding the Tientsin report, a Captain Ota of the Tokyo general staff was quoted as saying the casualties in the Jehol campaign alone, to that date had exceeded 1,000 dead and wounded. On May 18 a *Reuter* report from Tokyo stated that 1,576 Japanese soldiers had been invalided home to Japan between September 18, 1931 and May 16 of this year. These allegedly included 662 wounded, 279 frostbite cases and 628 sick. A later *Reuter* report from Tokyo, quoting Japanese sources, referred to some 2,500 dead resulting from recent fighting south of the Great Wall. A further *Reuter* report from Dairen on May 27 told of the ashes of 75 Japanese soldiers killed in the Shanhaikwan and Great Wall fighting, being shipped from that port to Japan for burial. Also, the same report told of 64 wounded soldiers from the same conflicts passing through Dairen for their homes in Japan. Since the Tokyo War and Navy offices never have

issued complete detailed reports regarding casualties in the Manchurian, Jehol, Great Wall and Shanghai campaigns, it has been impossible to determine exact Japanese losses. Perhaps there is a political reason for Tokyo's silence on this point, but the Kobe newspapers have constantly referred and published pictures of the monotonously regular processions of dead and wounded passing through the streets of that Japanese port. One such an account which appeared in the *Osaka Mainichi* on May 12, accompanied by an illustration, told of the arrival of 214 urns containing ashes of dead Japanese soldiers from the Great Wall battle-fields. An example of Japanese secretiveness on this point was provided once during the Shanghai conflict in February of last year when foreign correspondents counted the bodies of 12 Japanese sailors which were being loaded on a truck at Woosung for transport to Shanghai. When the Japanese commander at Woosung was asked a question regarding casualties, he replied: "No dead, only one man slightly wounded." The same was true in the fighting at Kiangwan-chen when the Japanese commanders reported only a few wounded, but neutral foreigners counted a dozen trucks bringing in loads of dead Japanese troopers. But while the Japanese have been most secretive regarding their own casualties, they have never displayed any modesty in telling the world about casualties they have inflicted on the Chinese. The official bulletin issued by the Japanese military headquarters at Tientsin on May 31 contained one such report alleging that the total Chinese casualties between September, 1931 and May 20, 1933 numbered 168,000, including officers and men and 54,000 others (civilians?), making a total of 222,000 killed and wounded, that is, 50,000 in Manchuria, 22,000 at Shanghai, 30,000 at Shanhaikwan, 70,000 in Jehol and 50,000 along the Great Wall.

***

THE creation of Japanese officially-controlled monopolies, which is equivalent to attaching Japanese padlocks to the so-called Open Door, proceeds apace throughout the new state of Manchukuo. The latest move in this direction was announced in a *Rengo* dispatch early this week from Dairen stating officials of the South Manchuria Railway were working on a plan to amalgamate all water-works establishments throughout Manchuria into one corporation which will be controlled by the S. M. R. Practically all electric light and power installations in Manchuria were taken over in this manner several months ago and amalgamated with the electrical department of the S. M. R. On March 1 the S. M. R. took over all of the previously Chinese-owned railways throughout Manchuria, including the Peiping-Mukden line which contains large British investments. By this move the S. M. R. expanded its mileage from 650 to some 2,800 and if the present negotiations with the Soviets reach a successful conclusion, that will add the 1,200 miles of C. E. R. tracks to the Japanese railway monopoly, making the total some 4,000 miles. On May 15 the Tokyo Foreign Office announced the formation of a Japan-Manchukuo joint stock company, headed by a high military officer, which will take over all telephones, telegraphs and radio installations throughout the Manchurian provinces. Then there is the matter of an insurance monopoly which is to be inaugurated on August 1 when all insurance business in Manchukuo will be "nationalized," which is another way of stating it will be taken over by the state and administered by the Japanese, thus closing that important field for American and European as well as Chinese insurance companies. Since aviation facilities throughout the Manchurian provinces and Jehol have also been taken over by a semi-military organization controlled by the Japanese army, and an oil monopoly, also Japanes controlled, is in process of formation, there isn't much left in Manchukuo for non-Japanese. But in spite of this Mr. Matsuoka and other Japanese spokesmen, apologists and propagandists insist that the Open Door is to be maintained—which prompted one American consular official to state that there were so many Japanese standing in the Open Door that no one else could enter, and another American official to declare that the Open Door was being maintained by the Japanese in order to permit businessmen of other nationalities to "get out of the paradise."

***

ANOTHER interesting Japanese development in Manchuria which has been kept strictly secret is the recent completion of a camouflaged military airdrome, a description of which was brought to Shanghai by a Russian who was employed on the project. According to the report the hangars or sheds for the storing of the planes, each equipped to hold 16 bombers, are actually constructed underground with roofs of heavy steel reinforced concrete capable of withstanding the heaviest shells. The location of the hangars was not given, but supposedly it is in close proximity to the Soviet border as the Russians are supposed to be the objective of this interesting military preparation. The sheds are so constructed that it is said to be possible for a plane to obtain sufficient momentum to take off while under cover, hence the machines will suddenly appear in the air "from nowhere" thus making it difficult for enemy scouters to discover the location. Three Chinese villages which were in close proximity to the enterprise were entirely removed by the Japanese military authorities. But while the Japanese maintained strict secrecy, they couldn't prevent some 1,500 Chinese coolies and 100 Russian foremen and truck-drivers employed on the job from talking and in consequence the story has leaked out.

Civil War in Kweichow Continues

Through the mediation of General Lung Yun, Chairman of the Yunnan Provincial Government, General Wang Chia-lieh, Chairman of Kweichow, has agreed to relinquish his post in favor of his opponent, General Yu Kuo-tsai. The recent fighting in Kweichow so far has failed to result in the defeat of either of the rival factions and the services of a third party have therefore to be resorted to. However, in northern Kweichow, war still continues between the troops of General Wang and the forces under General Chiang Tsai-cheng, who are now attacking Tsunyi.

Kweichow province is now in the grip of a financial crisis. The employees of the Kweichow provincial government have ceased to receive salaries, but instead get a daily ration of twenty cents and a packet of rice.

Has China Been Trapped Into a Recognition of Manchukuo?

WANG CHING-WEI, President of the Nanking Executive Yuan, in a reference to the truce terms agreed upon by the Chinese and Japanese military leaders, declared:

> "Any local arrangement will not affect China's territorial rights or her international position, but is designed to give a breathing-space to sorely-tried troops and a distressed population. The Government willingly bears responsibility as regards the present situation and appeals to the sound judgment of the people as to the merits of the action....The National Government will never sign away any Chinese territory...."

Despite this obviously sincere statement by the man who holds a position equivalent to that of Premier in the recognized Government at Nanking, the impression seems to prevail elsewhere that the Chinese military leaders, either knowingly or unknowingly have signed a treaty which amounts to not only a recognition of Manchukuo, but also amounts to the addition of some 5,000 square miles of north China territory to Manchukuo, under the camouflage of "demilitarized zone." With regard to the so-called demilitarized zone, critics of the treaty have been quick to call attention to the significant point that while China has agreed to withdraw her troops to a designated line, there is nothing in the arrangement that compels Japan to withdraw the so-called Manchukuo troops or "plain-clothes" men from the area, which in future is to be policed by the Chinese authorities. While the Japanese have agreed to withdraw *their* troops to the vicinity of the Great Wall, how will China cope with the forces of Manchukuo, uniformed or otherwise, that the Japanese militarists may send into the area?

Since the Japanese are obviously the stronger party in the truce agreement, it is necessary to give due heed to their interpretations and reactions thereto. In this connection the following points in an official *Rengo* message from Tokyo dated June 2 are of obvious significance:

1—The Tokyo Foreign Office regards the truce agreement signed at Tangku on May 31 as marking an important turning point in the relations of China and Japan indefinitely ending the hostilities which have extended over practically two years.

2—The Japanese authorities will now approach the authorities in Peiping and Nanking for a solution of various pending question.

3—The Japanese Government will strictly maintain the position that China must discontinue her policy aimed at disturbing the peace and order in Manchukuo and also must take action preventing damage to Japanese interests in all parts of China.

4—Japan demands that the Chinese authorities shall strictly control the anti-Japanese boycott and agitation in any form throughout the territory under their jurisdiction.

5—The Nanking Government shall strictly control all anti-Japanese movements which heretofore have been initiated and carried out by the Kuomintang Party.

6—The Japanese Government shall reserve the right to take definite steps in the event the Chinese troops advance beyond the line demarked in the truce agreement, or any other military action directed against Japan and Manchukuo.

This dispatch through the official *Rengo* service undoubtedly indicates that in Japanese minds, China has not only agreed to a recognition of Manchukuo, but also has agreed to carry out Japan's other demands with respect to the suppression of the anti-Japanese boycott and other activities regarded as detrimental to Japan or Manchukuo. And there is further evidence in this direction for Viscount Ishii, head of the Japanese delegation to the Washington and London economic conferences, declared in the course of an interview at Providence, Rhode Island on June 2 that the signing of the armistice between the Chinese and Japanese military "marked the end of the war and the first decisive step toward peace." The New York *Evening Post*, in commenting on this said that the Sino-Japanese truce "is equivalent to a Chinese admission of the loss of Manchuria and a complete renunciation of any possibility of regaining the lost provinces by force of arms."

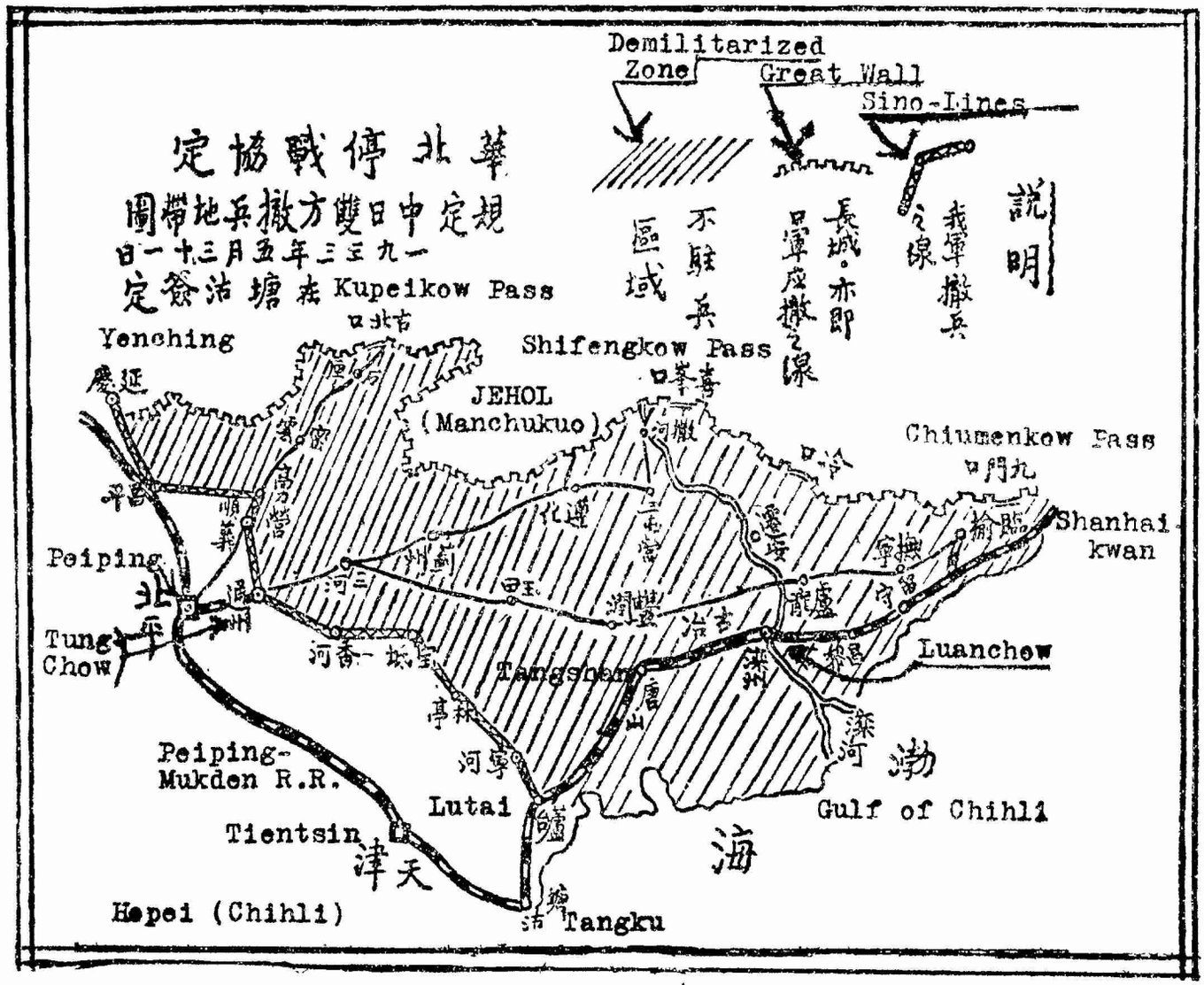
Then if further evidence is needed it is provided in a statement by H. G. W. Woodhead, British writer, in the course of an article which appeared in the Shanghai *Evening Post* on June 2,

> "At present all of China's leaders are whispering "I'll ne'er consent." But this is often in international controversies the prelude to consenting. And the more far-sighted of Chinese politicians must by this time realize that the recovery of the lost provinces cannot be the work of the present generation. A regenerated China, fifty or a hundred years hence, might be in a position to essay the task with same prospects of success, always provided that the government of the new States does not continuously excel that of China proper.
>
> "It will, in fact become a race between Manchukuo under Japan's tutelage and China under the Kuomintang or other leadership, as to which will tackle the problems of reconstruction more efficiently. Manchukuo is definitely lost to China as this country is governed at present. Paradise can only be regained either by such military reorganization as will make China superior to Japan, or by such administrative reforms as incline the Manchurians to the rule of China in preference to that of the Japanese. Neither result can be looked for within the next two or three decades. And the policy of non-recognition may actually strengthen the separatist movement among the Chinese in Manchukuo who, isolated from ordinary trade and other facilities with their native land must turn more and more towards the Japanese Empire in their search for trade and prosperity."

There is a possibility of course that there is more to the truce agreement than appears in the published text, this suggestion having appeared in a *Reuter* dispatch from Tientsin on June 1 which stated,

> "The signing of the armistice will release the greater part of the Japanese troops for the service against Chinese bandits in Manchuria and for the proposed campaign for the eventual acquisition of the Kalgan area by the Japanese.
>
> "Foreign commentators believe that the Japanese made the terms of this preliminary document to peace deliberately moderate to enable the Chinese to sign it without loss of face or self-respect.
>
> "These observers also think that many important matters not mentioned in the truce have been covered in verbal understandings between Tokyo and Nanking."

Those who have followed the developments in the Sino-Japanese situation in north China in recent weeks, are generally agreed that China's



This map, reproduced from the *Sin Win Pao*, indicates the approximate boundaries of the so-called "neutral" zone which was created as a result of the truce which was signed by the Chinese and Japanese military representatives at Tangku. There are two significant omissions in the announced truce terms. Japan is not bound to interfere with the so-called "Manchukuo" troops which may enter the area and furthermore nothing was said about Chahar which the Japanese are now proceeding to occupy while the Chinese forces have agree to discontinue their resistance.

motives in signing the truce were three-fold:

1—To prevent Japan's occupation of the Peiping-Tientsin district, which would have resulted in the loss of important revenues to the National Government.

2—Japan's occupation of the Peiping-Tientsin district would, in all probability, have resulted in a separatist movement in north China that might have culminated in the restoration of the Manchu "boy-emperor" Pu-Yi to the ancient Dragon Throne in Peiping.

3—Japanese military occupation of north China, extending to the Yellow River, would have placed the National Government at Nanking in a difficult position, sandwiched in between hostile forces in both north and south.

If this allegation is correct, it means that Nanking has in effect secured a temporary peace on her northern front in order to be able to devote her attention to the red and Cantonese crises in the south. Whether the military truce also carries with it, Nanking's nominal recognition of Manchukuo plus Japan's other conditions, remains to be seen.

But this leads to the most interesting disclosures of all: Although the Japanese were steadily driving toward both Peiping and Tientsin and thereby indicating to the Chinese military commanders the Japanese intention of occupying both cities, there seems to be considerable evidence that the Japanese war-lords did not intend to occupy either city. This important point has been disclosed in dispatches from Washington which have appeared in the leading Japanese newspapers in recent days, indicating important development with which China apparently was in total ignorance. In the first place, inspired reports appearing in the American newspapers as early as May 22, indicated that strong pressure was being brought on Japan to discontinue her advance on Peiping. For example, a dispatch from Washington through the *United Press* (May 22) stated that Japan's military advance on Peiping "had greatly depressed American official opinion on the eve of the arrival of Viscount Ishii....high administration authorities feel that the disturbances in the Peiping area will becloud the entire conversations between the

Japanese delegation and President Roosevelt.... the aggravated military situation has awakened speculation in authoritative circles as to whether Japanese diplomatic policies are divergent from the military course or action, and whether the political conversations with Viscount Ishii can be fruitful of results in view of such divergency. The tremendous publicity attending the Japanese advance also is disturbing popular opinion, thereby possibly constraining American officials to considerable frankness in the forthcoming pourparlers....The depressed atmosphere in official circles in Washington is especially acute in view of the fact that the Pacific political situation is believed to dominate the economic situation and because the economic relations between Japan and the United States have been regarded as developing auspiciously."

As a direct result of this undoubted pressure on the part of the American Government, both Viscount Ishii and Ambassador Debuchi, announced on May 23 that *"Japanese troops will not enter Peiping and Tientsin."* Also there was a dispatch from Hsinking (Changchun) on May 24 quoting Gen. Muto as stating that "since the situation in north China has taken a turn for the better, indications point more and more to the non-entry of Peiping and Tientsin by the Japanese forces from Manchuria." On the following day, May 25, in the course of Viscount Ishii's conversations with President Roosevelt, the American Chief Executive was quoted as saying to Ishii, *"I trust Japan. She will surely declare that her true spirit is against violation of treaties. Then couldn't Japan strive to show in deeds that the Japanese are a people of peace? Although I recognize the special position of Japan in Manchuria, yet the Japanese actions are generally deemed to be in violation of the treaties or unreasonable. Japan certainly must have had proper reasons for acting as she has. But isn't it a weak point on the part of Japan to allow her action to be regarded as violation of the pacts?"*

This statement by President Roosevelt (*Osaka Mainichi*, May 28) indicated that strong pressure was being brought on Japan to discontinue the advance on Peiping and Tientsin and that Japan's delegates had officially informed the American chief executive that Japan would not occupy the two north China cities. Hence, in the face of this situation, one might well ask why did the Chinese Government permit its military representatives in the north sign a so-called truce agreement that carries with it the nominal recognition of Manchukuo? Superficially it appears that the Chinese military authorities either were tricked into signing the truce or did so because of fear, either of which contingencies is likely to have serious repercussions in domestic Chinese politics. Since the Chinese military authorities were unable to stop the Japanese advance, they would have been on much firmer ground, both domestically and internationally, had they simply withdrawn from both Peiping and Tientsin and left the Japanese to follow their own course. Realizing their sad experiences at Geneva, it is extremely improbable that Japan would have dared further provoking America and the other Powers by occupying either Peiping and Tientsin, prior to the Washington, London and Geneva discussions!

The liberal London *News-Chronicle*, in recent comment on the north China armistice, declared, "It is impossible to see any solid hope for the future in the terms laid down by Japan. It is always possible for Japan to maintain that the conditions have not been sincerely fulfilled, and quite possibly China in the state to which she has not been reduced, may really find herself incapable of fulfilling them."

Marshal Feng Again in Limelight---Source of His Support

MARSHAL Feng Yu-hsiang, erstwhile "Christian General" seems destined to go down in Chinese history as the scurge of the Chinese Government, regardless whether that government is located in Peiping, Nanking or Hankow. For Feng is again on the warpath and according to reports from the north he is raising and equipping a new army, his announced object being to continue the war against the Japanese. But since this new move of Feng's is contrary to the announced terms of the recently signed truce between the Chinese and Japanese war-lords, the public generally regards Feng's activities as directed against Gen. Chiang Kai-shek.

The first question in respect to Feng's recent activities is, "Where is Feng obtaining his financial support?" This question is inevitable because Feng, since his defeat by Gen. Chiang Kai-shek and Chang Hsueh-liang in 1929, 1930 and 1931, has been living in retirement in more or less destitute circumstances. Following the defeat of his so-called Northern Military Coalition, Feng retired first to Shansi where he resided for many months in an out-of-the-way temple. Later on he went to Shantung where he resided in another temple on Mount Taishan, sacred Confucian mountain. Then after the beginning of the Sino-Japanese complications in Manchuria, Feng proceeded to Kalgan where, surrounded by some 3,000 body-guards, he established his headquarters. Kalgan was a strategic location due to its command of an important pass in the Great Wall leading from Peiping to Urga, capital of Outer Mongolia and also into Manchuria's backyard. While issuing periodic denunciations of the National Government's conduct of the war, Feng is supposed to have had a hand in furthering the so-called volunteer movement against the Japanese in both north and south Manchuria.

With regard to the secret of Feng's financial backing, we have two explanations directly opposed to each other: On May 3 *The Review* received a report from authoritative sources in Tientsin alleging that Feng's activities had a distinctly "red" character; that his government institutions were displaying "red" posters and that his methods in raising funds were not greatly different from those which prevail in the red-

infested areas of central China. The implication in this report was plain—that Feng Yu-hsiang was receiving support from the Soviets.

But the Soviet Russians, tremendously interested in the developments in these regions which adjoin their Far Eastern possessions, have not been caught napping for two days later they issued a dispatch from Moscow through their official *Tass* news service quoting an article in *Pravda* alleging definitely that Feng was in the pay of the Japanese. Claiming that Feng is a "Japanese agent," the *Pravda* article charged that by means of Japanese support, Feng has succeeded in restoring his former alliance with a number of Chinese miiltarists and thereby has built up a military strength of 100,000 bayonets. Continuing the Soviet official organ declared, "While throwing their agent Feng Yu-hsiang into the fight against the Nanking group, the Japanese imperialists are at the same time energetically preparing to set up a 'puppet' government at Peiping through the medium of leaders of the Anfu clique." The Russians also charged that the recently-concluded truce was highly advantageous to the Japanese who would use the new "neutral" area as a "spring-board" for a further advance into north China, "which will further sharpen the divergencies in the camp of the imperialist Powers, particularly aggravating the struggle of Japan and the United States for the redivision of China and domination of the Pacific."

When Feng Yu-hsiang and Chiang Kai-shek first met at Hsuchowfu, northern Kiangsu province on June 19, 1927, shortly following Feng's return from Moscow. The banner in the background reads, "Welcome To Commander Feng." As a result of this conference, Feng ordered the Soviet advisers to the Hankow "left-wing" Kuomintang government to leave the country and shortly afterward Feng and Chiang embarked on their expedition to Peiping, in the course of which they had a serious clash with the Japanese in Tsinan. This Feng-Chiang alliance lasted until 1929 when Feng and Chiang quarreled over the control of Shantung resulting in open warfare between the factions which lasted until 1931 when Feng's Northern Military Coalition was broken up.

To refer again to the Japanese attitude, *The China Press* published a dispatch from its Peiping correspondent on June 6 quoting a Japanese military commander as declaring Japan's intention to "take drastic action" in the event Feng Yu-hsiang launched a counter-attack on Dolonor which controls the important mountain pass leading from Chahar province into Jehol. The Japanese occupied Dolonor in the course of their conquest of Jehol and since have used it as their base for a further advance into Chahar which is now controlled by Feng.

In view of the conflicting Japanese and Russian charges regarding Feng's financial backing, it is impossible to get at the real facts, but we have it from one well-known foreign correspondent in Peiping that Feng probably has received promises of support from certain Japanese military adventurers who are anxious to push on with their penetration into north China and see a civil war in this area as just provocation. This report suggested that Feng probably would not attempt an attack on Peiping but would content himself with consolidating his power along the Peiping-Suiyuan railway, in Chahar, Kansu, Shensi and Shansi. Thus far it is not clear whether Feng is receiving the support of Gen. Yen Hsi-shan, ruler of Shansi, but the two have been allies before in their opposition to Gen. Chiang Kai-shek. How Gen. Yen stands on the Japanese issue has not been stated.

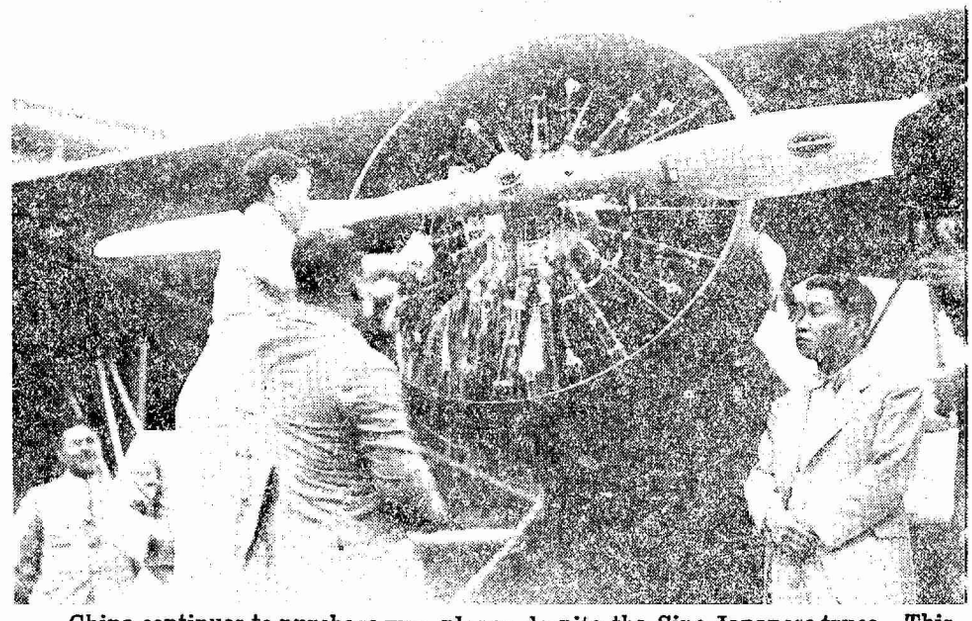
At any rate Feng's latest move has been disconcerting in various quarters and obviously is fraught with significance for the area where he has established himself adjoins the Japanese puppet state of Manchukuo on the east and the

Soviet Russian dependency of Outer Mongolia on the north while to the south is territory nominally controlled by military officials expressing loyalty to Gen. Chiang Kai-shek and the Central. Government. Should certain Japanese military factions be supporting Feng it would be but a continuation of Japan's familiar intrigue to prevent unification of China, a subject fully discussed in *The Review* on May 27. On the other hand Soviet support of Feng in the emergency might be of considerable help in diverting Japanese attention from north Manchuria where a critical Russo-Japanese crisis exists over the control of the Chinese Eastern railway. A further element in the situation is that the ancient overland trail connecting Peiping and Outer Mongolia through Kalgan, passes through Feng's territory. Several months ago it was rumored in Japanese military circles that Japan's purpose in driving westward from Dolonor into Chahar was for the double purpose of occupying both Chahar and Suiyuan and cutting the last remaining direct route between China and Russia. That Japan's military activities in this area constitutes a source of worry for the Soviets goes without saying for the Japanese war-lords have repeatedly announced their intention of ultimately annexing Outer Mongolia to the Japanese protected state of Manchukuo.

Thus far no one has suggested another possible source of Feng's support—the Canton political council—which may be the right one in view of considerable evidence that Feng and Canton are working in collusion against Gen. Chiang Kai-shek.

There is printed in connection with this article an interesting picture showing Feng Yu-hsiang and Chiang Kai-shek which was taken at the town of Hsuchowfu in northern Kiangsu province on June 19, 1927 when the Nanking generallissimo first met the Christian General. Feng, at that time controller of Honan, Shensi and Kansu, had just returned from Moscow where he spent a year studying the Soviet system. Following his return from the Soviet capital, he led his troops eastward from the Northwest and when he reached the town of Chenchow in northern Honan he conferred with representatives of the then-Soviet dominated Hankow Kuomintang government. But Feng was not satisfied with developments at Hankow so he proceeded on to Hsuchow in northern Kiangsu where he held a further conference with Gen. Chiang Kai-shek who had just established the "right-wing" Kuomintang government at Nanking. Feng decided to throw in his lot with Nanking rather than Hankow and shortly afterward sent a telegram to Hankow warning Michael Borodin and the other Soviet advisers to get out, at the same time promising them safe conduct through his territories in the Northwest.

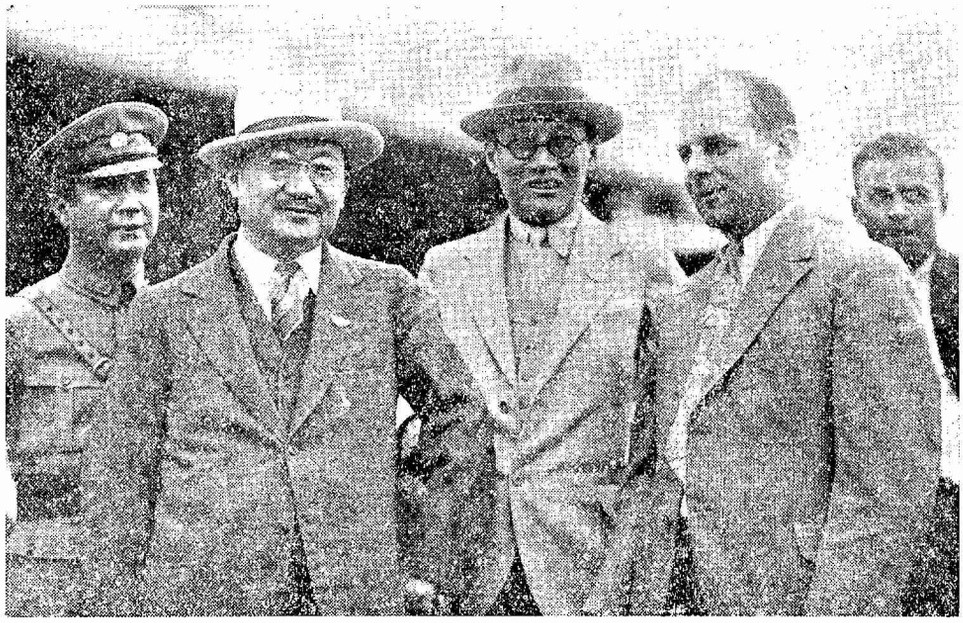
Among all Chinese generals, Feng Yu-hsiang probably is nearest to the soil. He is a native of Chaohsien, Anhwei province where he was born in 1880 and where his relatives who are farmers and artisans still reside. He joined the army at the age of 16 and has been in active military service almost continuously since. He served as a subordinate in the Chihli military group under Marshal Wu Pei-fu, but usually has been identified with the so-called Northwestern territories, otherwise Kansu, Shensi, Suiyuan and Mongolia. He is supposed to have close connections with Mongolian princes, particularly those in Inner Mongolia. After serving as military governor in Shensi and Honan, he was created a Marshal by the old Peking government in 1923. While serving in Honan he came in contact with American missionaries and became internationally known as the "Christian General," but in 1924 his reputation was somewhat tarnished by his action in allegedly betraying his superior Marshal Wu Pei-fu who at that time was involved in a life and death struggle with Marshal Chang Tso-ling, war-lord of Manchuria. While Marshal Wu was engaged with Chang's forces in the vicinity of Shanhaikwan, Feng, who was leading the left-wing army in an advance into Jehol, suddenly reversed his steps, returned and captured Peiping. Feng's friends have always claimed that Feng had advance information that Marshal Wu had been defeated by Chang's armies, hence seized Peking to prevent the city from being occupied by the Manchurian war-lord. In 1926, however, Feng was defeated by the Fengtien forces in a hard-fought battle at the Nankow pass, near Kalgan and was forced to retreat westward into Suiyuan, shortly following which he went to Russia (1926), returning to China early



China continues to purchase war planes despite the Sino-Japanese truce. This picture shows Madame Wu Te-chen, wife of the Mayor of Greater Shanghai christening the first plane, "Shanghai No. 1" which was purchased with part of the $1,500,000 which was raised through public subscriptions. An order has been placed with the Curtiss aviation interests of the United States for some 36 of these "Curtiss-Hawk" pursuit planes.

in the following year to lead his forces out of the Northwest into Honan.

Shortly after Feng's alliance with Gen. Chiang Kai-shek they led a combined expedition against Chang Tso-ling then in control of the Peiping Tientsin area, in the course of which they had a serious clash with the Japanese troops which had been sent to the Shantung capital at Tsinan. Feng's alliance with Gen. Chiang lasted until 1929 when they had a quarrel over the control of Shantung province. It was alleged Feng had been promised Shantung to govern, but the Japanese, then in control of that province, objected because of Feng's reputed red inclinations. The result was a row between Feng and Chiang leading to Feng's withdrawal from the Nanking government and ultimately to a series of civil war between the factions which lasted to 1931 when Feng finally was defeated and his so-called Kuominchun (people's army) was broken up, most of the subordinate commanders joining Chiang Kai-shek.



Major Jimmie Doolittle, famous American pilot whose thrilling stunts with the Curtiss-Hawk pursuit plane, caused the Chinese authorities to place an order for 36 planes of this type, the first eighteen being purchased from funds raised through public subscriptions. Those in the picture, left to right are Gen. H. E. Wen of the Public Safety Bureau, Dr. H. H. Kung, former Minister of Industry and head of the Central Bank; Mayor Wu Teh-chen of the Municipality of Greater Shanghai and Major Doolittle. The picture was taken on June 1 when the first Curtiss-Hawk plane was demonstrated before some 60,000 people and then officially handed over to the Government by the Committee in charge of the aviation fund.

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PRESENT SITUATION

The situation both in Feng Yu-hsiang's camp at Kalgan and at Canton is still in a nebulous condition. Many of the Chinese troops formerly in Manchuria under Marshal Chang Hsueh-liang fled into Chahar province following the Japanese occupation. These troops have been subjected to pressure by the Japanese to join Manchukuo and some of the commanders have been bought over. Others, however, apparently have joined Feng for a continuation of the struggle against both Japan and Manchukuo. Lafest reports have it that the Japanese are determined to drive Feng out of Chahar since they consider the control of Kalgan necessary to the security of their western border. Some claim that the sudden Japanese decision to make a truce with the Chinese military commanders at Peiping was for the purpose of enabling them to use their armies against Feng in Chahar. It was considered significant that the truce arrangement said nothing about Chahar which was left open for future Japanese military activities.

The sudden signing of the truce between the Sino-Japanese military commanders at Tangku has also forced a reorientation of politics at Canton. A report from Canton in the *China Times* on June 6 stated that most of the influential leaders at Canton had gone to Hongkong to confer with Hu Han-ming on future policy. The forthcoming conference will be attended by representatives of the Cantonese and Kwangsi factions and the 19th Route Army in Fukien province. Although reports are conflicting it was stated that Gen. Tssi Ting-khai had issued orders for the 19th Route forces which were advancing northward into Hunan province to return to Fukien and join in the anti-red campaign. A report by Reuters from Canton on June 7 claimed the "sudden truce" in the north had dealt a "staggering blow" to Canton's plans to send an expedition to the north to fight the Japanese. While Canton called the northern peace a "disgraceful truce" it was claimed that Canton might divert the forces which were advancing into Hunan into Kiangsi and use them against the reds. However, nothing definite apparently will be done pending the outcome of the Hongkong conference with Hu Han-min.

Marshal Feng Continues to Embarrass Government

General Sung Chen-yuan, who is now in Peiping refuses to express his views regarding the new movement started by Marshal Feng Yu-hsiang at Kalgan. To avoid all possible misunderstandings, General Sung has completely withdrawn his troops from Chahar. They are now stationed in southern Shansi, where they are undergoing strict reorganization.

Interviewed at Peiping May 30 Kuo Ting-yuan, Chief Secretary to General Sung Cheh-yuan, declared that General Sung had nothing to do with Marshal Feng's movement. He said General Sung is now too much occupied with the work of attending to his wounded and to the payment of pensions to the families of his dead soldiers. General Sung wired to General Chiang Kai-shek, in Nanchang, reaffirming his allegiance to General Chiang and announcing his inability to participate in another civil war.

The military authorities in Canton have resolved to give unreserved support to Marshal Feng Yu-hsiang in his new adventure in North China, a recent Canton telegram stated.

General Han Fu-chu, Chairman of the Shantung Provincial Government and a former subordinate of Marshal Feng, declared at Tsinan May 29 that his duty was to fight against external aggressors and he would resolutely refuse to participate in any further civil wars in the country.

Marshal Feng's Telegram Regarded as an Attack on General Chiang Kai-shek

The text of Marshal Feng Yu-hsiang's telegram announcing his assumption of office as Commander-in-Chief of the People's Anti-Japanese Allied Army, is regarded as virtually a direct challenge to General Chiang Kai-shek. The following is a brief translation of the telegram:

In spite of the fact that the Japanese imperialists were pushing forward with their advance against China

continuously the Government never attempted to resist the aggressors in earnest. The insincerity of the Government was clearly indicated by the fact that, in the present fighting in North China, not more than one-twentieth of the Chinese troops were employed while the Chinese air force and navy were never used at all. Only one-twentieth of the national revenue was used for defending the country against external invasion. No comprehensive military plan was ever adopted, while the troops at the front were permitted to stay there and starve. Although most of the Chinese troops put up a very effective resistance and won several minor engagement, they were eventually compelled to give up their ground because they could not receive reinforcements and fresh supplies from the rear.

"Now the Japanese troops have already penetrated into the Great Wall and Kalgan is threatened with imminent occupation by the enemy. During the several months while I was in Kalgan I received numerous telegrams from various public badies at Shanghai, Peiping, Tientsin and Canton urging me to take up command of the troops and fight against the Japanese. Respecting the wishes of the people I, in my capacity as a Chinese citizen, assumed office as Commander-in-Chief of the People's Anti-Japanese Allied Army on May 26. From now on I will co-operate with the people in the defence of Charhar and in the recapture of the lost territory. I will befriend those who are really trying to fight against the Japanese and those who are real friends of the people, but I will regard those who are opposed by the people and who have no real intention to fight against the Japanese as my enemy. I will not hesitate to do my utmost to remove these people for the general benefit of the Chinese people. Let the people cooperate with me in the big task that is in front of me."

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CANTONESE ADVANCE REACHED HENGCHOW, HUNAN

(From The Review's Hankow Correspondent)

The Cantonese have advanced northward from Chenchow, Hunan, the advance guard of the 19th Route Army reaching Hengchow, 92 miles away, on the 30th of May. Upon the arrival of these "weather beaten and hard looking" troops, Gen. Wang Tong-yuen and his 15th Division troops, after two years sojourn in Hengchow withdrew to Changsha. From Changsha, Gen. Wang has sent a telegram thanking the citizens of Hengchow for their helpful cooperation during his two years' stay. From other parts of Hunan we get reports stating all is quiet.

A foreigner arrived in port (Hankow) from Chengtu, Szechuan, reported that traveling between Chengtu and Chungking was not too safe. While changing buses en route he had been relieved of $200.00 in silver by obliging soldiers. From Chungking down river (June 2-5) the journey had been uneventful. From other sources we gather that the Yangtze is well patrolled, shipping not being harassed by bandits of any hue.

From Kikungshan, Honan, 125 miles north of Hankow on the Peking-Hankow railway, comes word that the 25th Route Army is planning to start an officers training school on the mountain, and that approximately 1200 troops will be stationed there this summer. The director of the 25th Route Army, Gen. Liang Kuan-ying, today June 5th, is conferring with Gen. Liu Chen-hua and with Gen. Ho Cheng-chun, as is also Gen. Chang Yin-hsiang who is stationed at Macheng, northeastern Hupeh.

The past two weeks have witnessed heavy rainfall in this area. Motor roads in Hunan and in Hupeh have been in such a condition that bus service has been discontinued for days at a time. At Hengchow, Hunan, the seven arch bridge, which has stood for 500 years, was partially destroyed by the rushing torrents of the Tsao river. Rice crops have in many places been ruined. Around Hankow there are many farmers unable to harvest the wheat now maturing on very low land. The Yangtze is rising quite rapidly, causing not a little apprehension among those located in the area now below the watermark 38.1 feet, (June 5). Dike inspectors are kept busy these days. The repairs have been made, but the question remains: Will they hold? Every one is hoping for a dry June, allowing the overworked Yangtze sufficient time to relieve herself of her surplus water, before the critical months of July and August.

The situation in Wuhan remains quiet. There are only five Japanese gunboats in port at present. What foreigners and Chinese alike long for is peace and order and some semblance of justice. But the threatening war clouds in the north and in the south play havoc with such pious wishes. As one man put it: "If Feng Yü-hsiang starts something up north, then I throw up the sponge!"

Gen. Liu Chen-hua, Honan-Hupeh-Anhui Border Bandit Suppression Commissioner, having assumed the chairmanship of Anhui province at Anking, flew to Hankow on the 2nd of June to meet Gen. Ho Cheng-chun, before proceeding northward to Kwangchow, southeastern Honan. Mr. Liu is moving his troops eastward from Sinyangchow, to the Loshan and Kwangchow area in his effort to fight the "Reds" now entrenched in the mountains east of Kikungshan and north of Macheng, Hupeh. The government troops are rapidly disarming the former soldiers of Gen. Ma Hung-kwei, many of which have turned bandits and caused not a little disturbance to the traffic along the Peiping-Hankow railway. Foreigners from the area west of Hsüchang, Honan, report that Governor Liu Chih's troops have rounded up a large robber band in the Chia-hsien area, no less than 108 bandits having been beheaded in one day.

Visitors arriving from Peiping report no large movement of troops along the line (June 2). There seems to be strong sentiment in favor of Gen. Feng Yü-hsiang in the north, the Manchurian troops and those from the south not gaining the good will of the populace. In Honan, too, Feng's troops have a better reputation among the farmers than any other troops. Here in the Wu-Han center there is not much enthusiasm for him.

Returning from his inspection tour to Shasi, western Hupeh, Gen. Ho Cheng-chun, Pacification Commissioner of Hupeh, left for Changsha, where he installed Governor Ho Chien as Fukien-Kwangtung-Kiangsi-Hunan-Hupeh Western Route Bandit Suppression Commissioner on the 1st of June, acting as Gen. Chiang Kai-shek's representative.

The air is full of expectancy. Every one interested in the political atmosphere of China is casting a glance first northward and then quickly to the south, not knowing where the conflict will start. That something is brewing underneath the surface, cannot be denied. The armistice in the north has robbed the South West group of their ostensible motive for making their northern expedition. It would not be surprising to find Gen. Ho Ying-chin withdrawing his troops southward from Peiping in the not distant future. In this connection Gen. Liu Chen-hua's northward movement into Honan has some significance. The Nanking group is strengthening its defenses against the "Reds" and preparing for any eventuality along the Peiping-Hankow railway, the Changsha-Hankow railway, and along the Yangtze. No doubt the Kuling Conference, May 28-30, with Gen. Chiang Kai-shek took precautionary measures under advisement. With Japan at least temporarily placated, the Nanking group is losing no time in clearing the decks for action. The Chinese press today states that Gen. Ho Cheng-chun has consented to spend an extra day in Changsha before returning to Hankow, allowing more time for conference with the military leaders. He arrived in port today.

Where are the Cantonese going? Apparently the military leaders in the South West are undecided as to what course to follow. It is rumored that Gen. Tsai Ting-kai has ordered his troops to withdraw from Hunan. Has the political enthusiasm overreached the military? One wonders how many of the military chieftains actually hold the views expressed in the writings inspired by Eugene Chen. Some of them no doubt hesitate because their progress might be effectively impeded, if not definitely stopped by Gen. Chiang Kai-shek rushing his troops down from Hopei and Honan. With the lessened hope of easy victory, the Cantonese are either stopping to get their second wind, or else abandoning the northern expedition for the time being.

Japan to Protest Once More on Chinese Tariff Increases

A Tokyo telegram June 6, stated that as the result of consultations held by officials of the Asiatic Affairs Bureau and the Trade Bureau of the Foreign Office, the Japanese Government has decided to lodge another strong protest with the Nanking Government for the enforcement of revised customs tariffs as from May 22. Instructions embodying the decision of the Japanese Government are said to have already been sent to Akira Ariyoshi, Japanese Minister to China. The Chinese reply to the former Japanese protest not only refused to consider the Japanese complaints but re-affirmed its determination never to alter the revised tariffs already in operation.

65-065

General Chen Chi-tang Sends Troops to Kiangsi to Fight Reds

General Chen Chi-tang June 4 ordered the 3rd Cantonese Army to proceed to the Kiangsi front immediately to assist in the campaign against the Communists. General Chen has recently purchased an additional forty pursuit-planes from abroad. With these new planes General Chen intends to reorganize the Cantonese air-force.

On assuming the post of Commander-in-Chief of the Anti-Communist South Route Expedition appointed by the South-West Political Council, General Chen Chi-tang issued a circular telegram June 3 saying:—"I accept the concurrent post of Commander-in-Chief of the Anti-Red forces of the South Route Expedition and shall renew my efforts to annihilate the Red hordes for the welfare of the people."

General Chen Chi-tang announced the same date that he will proceed personally to southern Kiangsi to direct the operations against the "Reds."

How the Japanese Interpreted Chen Chi-tang's Action

The fact that General Chen Chi-tang, who had been stubbornly refusing to assume the post of the Commander in Chief of the Southern Route anti-Communist Expeditionary Army offered by the Nanking Government, had accepted the similar post when it was offered by the South-west Political Council was interpreted in a *Rengo* message from Canton June 2 as indicating his uncompromising opposition to the Nanking regime. On the other hand, the same fact also indicated, the Japanese message continued, that while it was generally believed that General Chen, while opposing the political aims of General Chiang Kai-shek, is nevertheless agreed as regards the campaign against the Commmunist forces. The present assumption of the anti-Communist expeditionary post by General Chen was interpreted as meaning that he would put emphasis on the anti-Communist campaign rather than on the so-called anti-Japanese expedition.

General Li Chung-jen, Commander-in-Chief of the 4th Group Army was due to leave Nanning for Canton June 8. It was uncertain whether General Pai Tsung-hsi, his second in-command, would accompany him to Canton, as he is in very poor health at present.

19th Route Army Evacuates Hunan

Generals Chang Yen and Tan Chi-hsiu, two commanders of the 19th Route Army who are with the troops at Shenchow in southern Hunan, have received strict orders from General Tsai Ting-kai to return to Fukien immediately. The 19th Route Army at Shenchow was due to leave for the South June 5. A Hongkong telegram to the *China Times* June 4 stated that the withdrawal of the 19th Route Army from Hunan definitely ended the rumors about another civil war in central China.

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When Canton Was "Hot" Against Chiang Kai-shek

The South-west Political Council May 29 decided to take a stand against General Chiang Kai-shek.

Among the decisions reached were: That full support should be given to Marshal Feng Yu-hsiang; and that the policy of continued resistance against the Japanese and suppression of Communists should be adhered to; and Hu Han-min should be requested to come to Canton to assume control of the political affairs in South China.

A *Kuo Min* message from Canton June 1 stated that the signing of the truce agreement at Tangku had entirely upset the plans of the South-western Anti-Japanese Army. It is reported that General Tsai Ting-kai, Commander-in-Chief of the Army, had ordered a halt to the march of his men northward, pending further instructions.

Central Executive Committee Gives Assurances to Canton

The Central Executive Committee June 3 replied to the recent circular telegram issued jointly by Generals Chiang Kwang-nai and Tsai Ting-kai of the 19th Route Army. In its reply, the C.E.C. emphasizes that the truce agreement is confined to military matters only and does not touch upon political questions. Temporary cessation of hostilities, the C.E.C. declares, does not amount to surrender or compromise. The Central Authorities are therefore convinced that the difficulties which have necessitated the signature of the agreement will meet with the sympathetic understanding of Generals Chiang and Tsai.

Japanese Author Who Advised Nation to Act Cautiously

An article by Sakuzo Yonemoto in the June issue of the Japanese magazine *Kaizo* (Emancipation) wonders whether the Japanese nation realises that it is now confronted with a serious trouble not with this individual or that, but virtually with the world at large, and yet, he says, there is hardly any worth-while journalist or publisher courageous enough to oppose decisively the present policy of the Government at this momentous turning point in the country's diplomatic career and to inform the people of the perils that lurk if this policy of intransigance is persisted in. In any case, he says, while there may be individual newspaper men who entertain such a "dangerous thought," yet no newspaper dares to publish so dangerous a sentiment. But, he asserts, it is not to be supposed that every Japanese is in accord with the present so-called national policy. Yukio Ozaki, for instance, he points out, is firmly opposed to it. (Mr. Ozaki has been regularly elected, without a contest, from his native city to the Diet ever since party government was established in Japan. He was formerly Minister of Justice and returned to Japan recently after a lengthy stay in England). Then Sobei Mogi, formerly head of the big Mogi firm of Yokohama, which post he resigned to devote his time to a study of labor and social problems, is also very doubtful as to the wisdom of the policy now being pursued by the authorities.

Japan, he writes, is attempting "to foist a new and very insidious form of imperialism" on Eastern Asia at a time when the effects of Imperialistic development have been liquidated in Europe and are being slowly liquidated by Great Britain and the United States in Asia and elsewhere. He regards Japan as being in a very difficult position, with rising nations, such as China and India, in her vicinity and says that it is necessary for Japan to move with the greatest care and discretion "so as not to leave cause for lasting repentance and regret." He questions the advisability of establishing a so-called Monroe Doctrine for the Far East in opposition to the regionalism which is in process of natural growth amongst the nations, doubts whether such doctrine and policy will react to the peace of the world and wonders whether it will be to Japan's advantage or disadvantage to establish such a "Monroe Doctrine," even if the world powers sit idly by with folded arms, when China and India are developing along capitalistic lines.

Chinese Who Helped Japanese in Chapei Is Executed

Hu Li-fu, who had been found guilty of aiding and abetting the Japanese during the latter's invasion of Shanghai last year, was put to death at Soochow, June 3 in accordance with the recent decision rendered by the Supreme Court at Nanking.

A *Kuo Min* dispatch recalled that during the Sino-Japanese hostilities at Shanghai last year, Hu served as Chairman of the so-called Peace Preservation Association in Chapei, which was used by the Japanese as a puppet organization. Hu was tried by the Kiangsu High Court (Soochow), which found him guilty and sentenced him to life imprisonment. Against this judgment, however, the prosecuting procurator appealed to the Supreme Court, contending that the sentence was inadequate in view of the accused's treasonable activities. The appeal was upheld by the Supreme Court and the sentence was increased to the death penalty.

Germany Considers the Possibility of a Moratorium

A moratorium for all Germany's short and long-term foreign debts is to be announced shortly, according to a recent intimation by Dr. Schacht, President of the Reichsbank, who said the Reichsbank had irrevocably decided not to allow a further shrinkage in the Reichsbank stock of foreign currency coverage, and emphasized that regular export and import credits must be maintained.

However, according to a *United Press* dispatch June 5, the German Government will probably wait until the conclusion of the World Economic Conference in London before declaring on the proposed moratorium obligations.

Herr Schacht said, he hoped the creditor countries would co-operate with Germany in settling her financial and trade problems during the sessions of the Conference in London. Such co-operation might make it unnecessary to declare the moratorium, he said.

Japanese Say Truce Agreement Marks Turning Point in Relations With China

THE Japanese Foreign office, according to a *Rengo* message from Tokyo, June 2 considers the formal truce agreement signed on May 31 at Tangku as marking an important turning point in the relations between China and Japan in definitely ending the hostilities of the past two years and opening up a "vista of brighter and friendlier relationship between the two countries." It was stated that the Japanese Government in carrying on future negotiations with the Chinese authorities will be guided by the following principles: First the Japanese Government will strictly maintain the position of an impartial and quiet observer if the Chinese authorities do not adopt a policy aiming at disturbing the peace and order in Manchukuo and abstain from taking such action as might damage Japanese rights and interests in all parts of China; Japan demands of the Chinese authorities that they shall strictly control the anti-Japanese boycott and agitation in any form throughout the territory under their jurisdiction; the Nanking Government should strictly control that side of the anti-Japanese movement which had hitherto been initiated and carried on by the Kuomintang; and the Japanese Government reserves the right to take definite steps if ever the Chinese troops advance beyond the line demarcated by the true agreement and take military action against Japan and Manchukuo.

Huge Area to Be Demilitarized

According to the truce agreement recently signed at Tangku, the 24 districts west of the line from Yenchow and Lutai to the Great Wall are all to be demilitarised. The region covers 1,500 square miles.

A spokesman of the Peiping Branch Military Council declared at Peiping June 2 that the report that certain military commanders in the North were dissatisfied with the Truce Agreement between China and Japan was entirely without fundation. On the contrary they are taking orders from the Peiping Military Council to withdraw their troops according to schedule.

General Hsiung Sin, the chief Chinese delegate, in an interview at Tientsin, May 31, declared that the negotiations had been conducted in accordance with the wishes of the Central Government and the instructions of General Ho Ying-chin, Acting Chairman of the Peiping branch of the Military Affairs Commission. General Hsiung paid a tribute to the Japanese delegates for their sincerity and cordial attitude, which, he said, contributed in no small degree towards the speedy conclusion of the negotiations.

General Yu Hsueh-chung, chairman of the Hopei Provincial Government after visiting General Ho Ying-ching, Minister of War, and General Huang Fu, Chairman of the Peiping Political Council, stated June 5 that the control of the demilitarized zone had been left entirely at the discretion of the Provincial Government, which would appoint magistrates and directors of public safety as the Japanese withdrew He also announced that the Provincial Government would reduce the taxes collectible in the war-stricken area.

A special police force of 25,000 men is being raised to control the demilitarized zone. The nucleus of this force will be a picked body of the Tientsin Pao An Tui, or Peace Preservation Corps, which, in recent years has functioned in the area where Chinese are not allowed under the Boxer Protocol.

The 600 Japanese troops brought to Peiping from Tientsin to reinforce the Japanese Legation Guard prior to the armistice returned to Tientsin June 5.

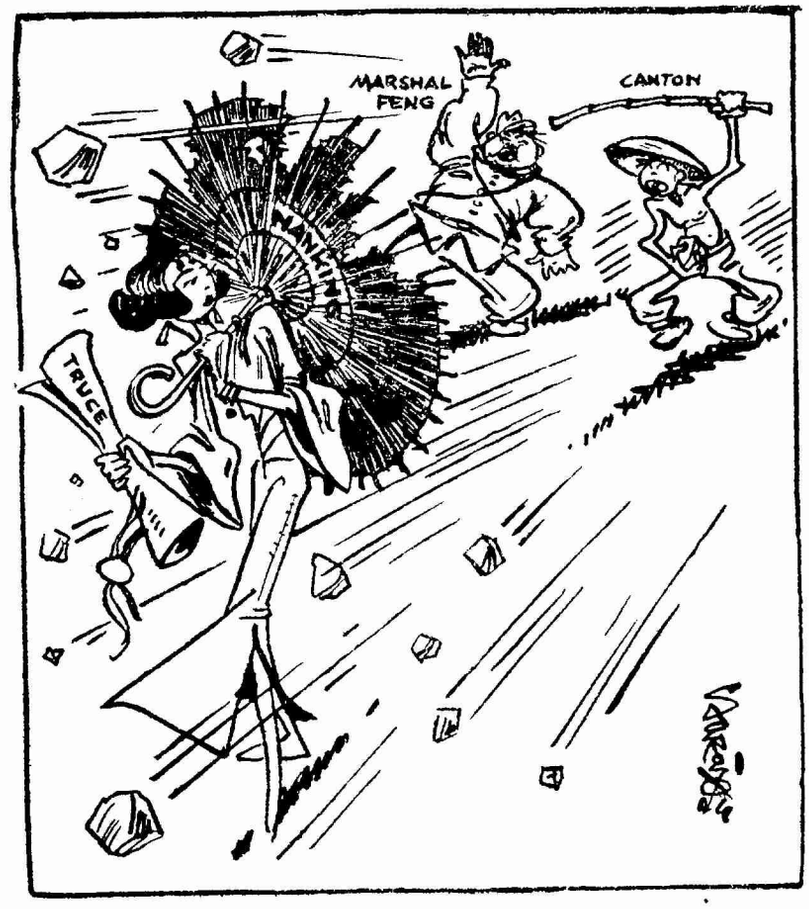
Japanese Withdrawing

The Japanese artillery is withdrawing to the Great Wall from the Japanese foremost positions and it was stated that auxiliary units would soon follow, leaving the infantry to be withdrawn when the Japanese consider that the terms of the armistice have been carried out.

The Japanese withdrawal to the Great Wall will begin as soon as General Okamura, Vice-Chief of Staff of the Kwantung Army, has returned to Changchun and has reported to Marshal Muto, Commander-in-Chief of the Kwantung Army, on the Sino-Japanese armistice negotiations, according to an intimation given by the above-mentioned Japanese general at Tientsin June 3.

Marshal Muto, Commander-in-Chief of the Kwantung Army, issued a statement at Changchun June 2, declaring that the Japanese were ready to withdraw within the Great Wall and into Jehol as soon as they were assured that the Chinese would observe the terms of the truce. He also stated that if the Chinese break faith Japan would be prepared to deal with them swiftly and unrelentingly.

Congratulating the Kwantung Army on the successful conclusion of the truce negotiations between the Chinese and Japanese delegates, Fleet-Admiral Horoyasu Fushimi, Chief of the Naval General Staff, and Admiral Mineo Osumi, the Navy Minister, addressed a message under their joint names, to Marshal Nobuyoshi Muto, Commander of the Kwantung Army June 1.



This cartoon by Sapajou in the *North-China Daily News* indicates the opposition which has been aroused by Nanking's signature to the Tangku truce agreement.

The official Manchukuo circles are stated to regard the conclusion of Sino-Japanese truce agreement at Tangku on May 31 as a matter for felicitation from the standpoint of the Far Eastern peace. Manchukuo officials say that their country harbors no hostile feelings against China, on the contrary, it wishes to be on the most friendly terms with China.

Hsieh Chieh-shih, Manchukuo's Foreign Minister, called on Marshal Muto, at Changchun June 2, and expressed thanks in behalf of the Manchukuo Government for the complete removal of the menace to the safety of the Great Wall line through painstaking efforts of the Japanese troops.

Interviewed by press correspondents, General Hsiung

Pin, the Chief Chinese Delegate who signed the Sino-Japanese armistice Agreement at Tangku, said that a special force of armed police would be organized for the maintenance of peace and order in the area between the Great Wall and the line to which the Chinese troops are to be withdrawn. The organization and size of this police force would be decided entirely by the Chinese Authorities; the Japanese having no right to interfere. General Hsiung said the matter would be taken up by the Peiping Political Affairs Readjustment Committee immediately after its inauguration.

The Chinese delegation to the Sino-Japanese truce negotiations, headed by General Hsiung Pin, was at Tientsin June 4 to discuss with the Japanese delegates questions concerning the disposal of "Manchukuo" troops in the Luantung area, the resumption of traffic on the Peiping-Liaoning Railway between Peiping and Shanhaikwan and the taking over by the Chinese authorities of the areas to be evacuated by the Japanese troops.

According to information from military sources, the Japanese troops at Pafti and Yutien are gradually withdrawing toward the Great Wall, but the first line of defence is still being held by the Japanese forces. It is said that the Japanese will not hand over the districts north of Pacti, Tungchow, Hsiangho and other cities until all the Chinese troops have been withdrawn.

Secret Agreement Denied in Japan

A Tokyo telegram June 6 stated that official quarters there denied that any secret agreement has been concluded between China and Japan, as reported in a cabled message from Riga. The message in question had stated that, according to an announcement made in Moscow, Japan had concluded a secret agreement with Nanking which recognized Manchukuo approximately within its present frontiers. It was also alleged that under the agreement Japan received certain naval privileges in Chinese waters, but what China received was not mentioned.

Reuter says the belief generally expressed in Tokyo is that the Tangku armistice at least included a tacit understanding regarding Manchukuo, as the Chinese promise to withdraw their troops southward of a specified line, coupled with Japan's promise to withdraw her troops to the Great Wall, implied that there would be no further attempt to wrest back territory within the present frontiers of Manchukuo.

Wang Ching-wei Says Tangku and Shanghai Agreements Are Similar

Speaking at the weekly memorial service at the Central Party Headquarters June 5, Wang Ching-wei emphasized that the signing of the Tangku truce agreement did not mean that China would abandon her territory north of the Great Wall. He said the Tangku agreement is on the whole similar to the agreement for the cessation of hostilities concluded in Shanghai last year.

Trains Run Between Mukden and Tangku

Following the signing of the truce at Tangku, trains commenced operating June 1 from Mukden to Tangshan. Correspondents point out that it is essential that intending travellers and returning residents of Manchuria should make themselves familiar with the Manchukuo passport visa regulations so as to avoid embarrassing delays. Ticket sellers on the South Manchuria Railway at Newchang demand passports before issuing tickets.

Japanese War Sufferers to Receive Compensation

Damages, both property and physical, of the Japanese subjects and the nationals of third countries suffered by the Manchurian and Shanghai incidents will be redeemed by the Japanese Government, according to an Imperial Ordinance promulgated in Tokyo, June 1.

The Foreign Minister has been authorized to distribute this redemption, which will be given in the name of "relief money," out of the sum of 3,000,000 yen set aside for the purpose as approved by the Diet as its last session.

According to the Ordinance, the Japanese and foreigners who suffered either physical or property damages by the Manchurian and Shanghai incidents and who desire to receive the benefits in accordance with the present regulations should first file applications to the Japanese consulate or consulate-general of the locality. Such applications should be addressed to the Foreign Minister of the Japanese Government, who, after examining the applications in a special committee, would grant the relief money through the respective consulate or consulate general.

Order to Protect Foreigners Is Issued on Request of American Minister

The American Minister in Peiping, called on General Huang Fu at Peiping May 3 and congratulated him on behalf of the American Government on the successful conclusion of the truce agreement recently signed between China and Japan, at the same time asking him as to the future policy of the Chinese Government towards Japan.

The Peiping Branch Military Council issued a circular order June 1 to all its subordinate organs in the Peiping-Tientsin area instructing that full protection be given to foreigners living in the Peiping territory. The order was issued in compliance with the request of the American Minister.

Chinese Press Comment on Sino-Japanese Truce

Commenting upon the signing of the armistice agreement in north China, the *Shun Pao* declared that since the armistice will give a much needed breathing space to the people in north China, the Government deserves sympathy for having had recourse to such a measure. In view, however, of the fact that the agreement is confined to the military aspect of the situation only, the journal continues, it would be too sanguine to hope that peace is now assured.

Examining the terms of the agreement, the journal singles out for criticism the provisions to the effect that the Japanese troops may watch the withdrawal of the Chinese troops by airplane or other methods and that the Japanese troops will withdraw "voluntarily" to the Great Wall only after they are satisfied that the Chinese have been withdrawn to the prescribed line. These provisions are not only objectionable in principle, as they impose a kind of restriction upon the movement of the Chinese troops, but are also likely to cause future complications, the journal points out.

The *Sin Wen Pao* commented: "If China wishes to exist as an independent nation the first thing to do is to reorganize her navy and start a construction program for new ships. Forty years ago, China was controlled by inefficient men. To-day China is still being controlled by the same sort of men. These officials all want power and to get rich, but none want to accept any responsibility. The Government has too many different organizations. When an important issue happens nobody knows which organ is responsible for it. Even at this time of grave crisis, the Government organization is still so complicated that nobody in the Government seems to assume any responsibility. If this state of affairs should continue, what hope has China? If China does not start to rebuild her country immediately, before long China will be only a geographical term."

The New York *Evening Post*, commenting on the Sino-Japanese truce, remarks that it is equivalent to a Chinese admission of the loss of Manchuria and a complete renunciation of any possibility of regaining the lost provinces by force of arms.

Japanese Activity in Charhar

A Kalgan message June 3 reported that the combined Japanese units are descending on Kuyuan from Tolun (Dolon Nor), eastern Charhar. Skirmishes have already occurred in the vicinity of Kuyuan. The body guards of General Feng Yu-hsiang have been despatched to Changpei, about 40 miles north of Kalgan, provincial capital of Charhar, to strengthen the defence there.

Units under General Fang Chen-wu have been sent to Tushinkow, an important pass at the Great Wall, to defend that sector.

Japanese Officer Killed as Airplane Is Shot Down

Colonel Takayoshi Matsumuro, chief of the special Japanese military mission in Jehol Province, who departed from Jehol City May 20 by plane for an agreed destination was found dead several days later near Kuchiatun, a small town east of Weicheng.

It is said that the Colonel and Sergeant Shirakawa who accompanied him, were killed instantly when the plane was shot down by Chinese forces in the vicinity.

Afghan Minister to Germany Assassinated

Sirdar Mohammed Azziz Khan, the Afghan minister to Germany, was assassinated by an Afghan student in Berlin June 6. The outrage was committed in the minister's library. The student fired five shots from a revolver at point blank range, one bullet entering the Sirdar's lung.

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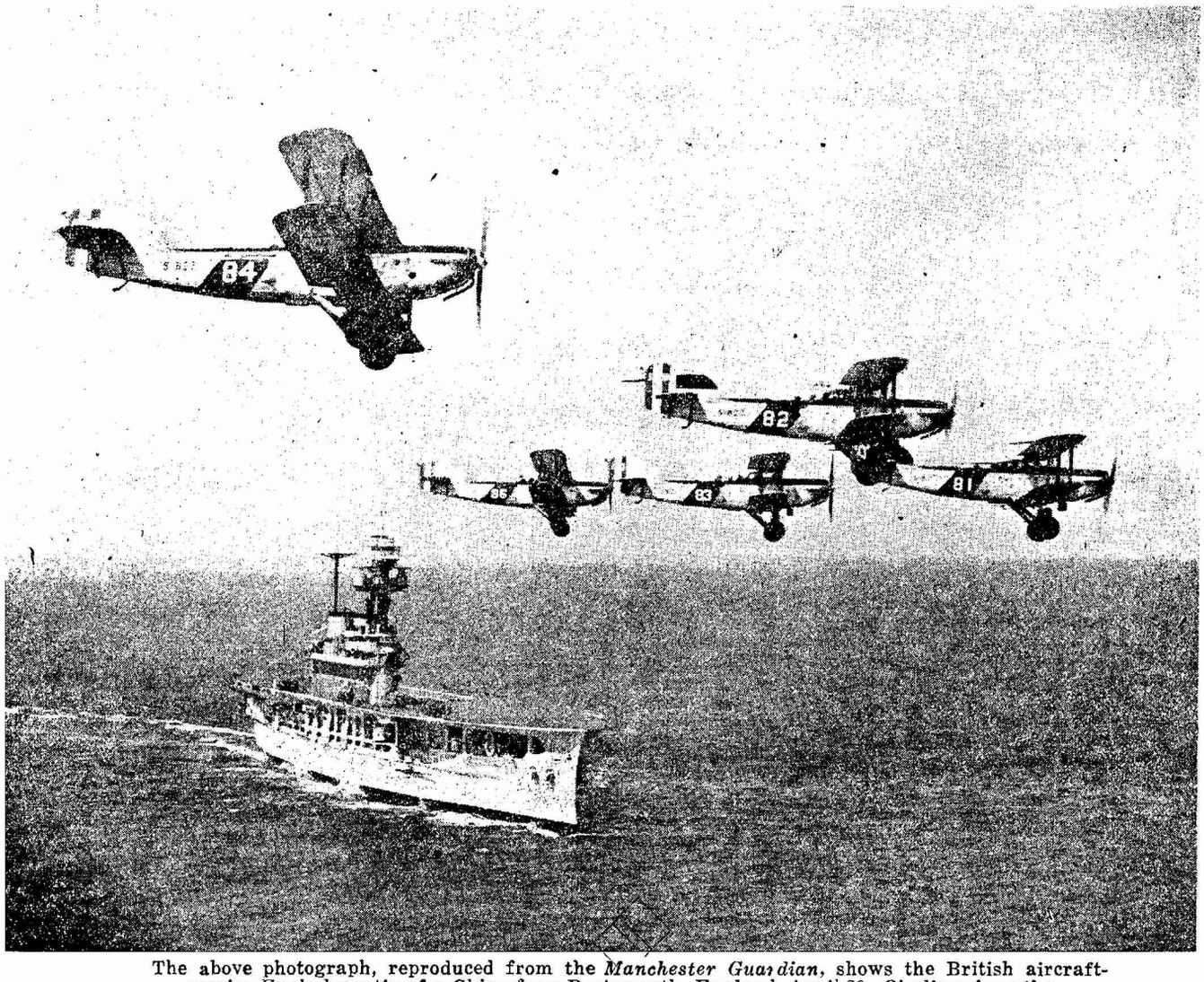

The above photograph, reproduced from the *Manchester Guardian*, shows the British aircraft-carrier *Eagle* departing for China from Portsmouth, England, April 29. Circling above the warship are five new-type war planes.

Sikorsky Amphibian Planes to Be Used on Shanghai-Canton Line

Two Sikorsky amphibian airplanes, purchased by the China National Aviation Corporation for its new line between Shanghai and Canton, arrived here from the offices of the aviation concern early this week.

The new planes provide accommodation for eight passengers each with a cruising speed of 150 miles per hour. Landing facilities for the Shanghai-Canton line at Ningpo, Wenchow, Amoy and Swatow have been almost completed. K. I. Nieh, assistant operations manager, is now in Canton to establish an office there.

The two German airplanes, bought for the joint Sino-German line Eurasia, were despatched for China May 31 from the Templehof airdrome at Berlin.

Manchuria Aviation Company Resumes Air Service

The Manchuria Air Transport Company, which had suspended its regular passenger air service between Shingishu and Mukden, and Mukden and Dairen, owing to the disturbances in North China, resumed its activities June 3.

"Buy Airplane Movement" in Hupeh a Failure

The subscription campaign conducted by the Hupeh Aviation Association to raise funds for the purchase of airplanes for the Government air force has been a failure. Up to the present only $18,000 has been raised through free contributions among the people. The merchants in Wu-Han contributed $60,000 making a total of less than $100,000, which is insufficient to buy even one single effective fighting machine.

China's Inferiority in Airplanes

A recent editorial in the *Sin Wen Pao* stated that Japan has eight hundred airplanes and 4,000 pilots. In addition Japan has three airplane-carriers and another under construction. "When the Sino-Japanese War first started no less than sixty-two airplanes were contributed by the Japanese people, all of which are now in active service in Manchuria. But so far the Chinese people have contributed only one airplane to the Government. What a striking difference!" this promient Shanghai Chinese paper comments.

Robot Pilot Guides Plane from Los Angeles to New York

A robot pilot guided an all-metal plane most of the way from Los Angeles to New York, arriving there June 2, in 13 hours and 25 minutes, a new non-stop record. In the plane on this record flight was Frank Hawkes, who said that he let the iron pilot do the work and that the flight was made without trouble of any kind.

Japanese Plane Lost Off Daibu Cape

A Japanese naval plane developed engine trouble and nose-dived into the sea off Daibu Cape, Boso Peninsula, June 3.

Railway Employees Continue to Contribute to Airplane Fund

Contributions from the various Chinese Government Railways for the purchase of airplanes for the Government air-force are still being carried on by the employees of these lines, according to information from railway circles. The employees of the Peiping-Hankow Railway have raised $200,000 among themselves, with which they intend to buy four pursuit-planes for the Government. Considerable funds have likewise been raised by the employees of other railways.

According to a report issued last week by Mayor Wu Teh-chen, the total of the fund raised as a result of the campaign for the purchase of airplanes amounts to $1,393,870,911.

Airline to Kweichow to Be Opened

With the full operation of the Shanghai-Chengtu Airway since June 1 and the date for the inauguration of the Shanghai-Canton Airway definitely fixed for July 1, the China National Aviation Corporation is turning its attention to the projected Shanghai-Kweichow air line. A plane will shortly leave Chungking (Szechuan) to conduct a survey along the proposed route.

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Wang Ching-wei, Sun Fo and Hu Han-min Present Divergent Views on Tangku Truce

President Wang Ching-wei Issues Statements on Tangku Truce Agreement

The following statement was issued at Nanking, June 2 by Wang Ching-wei, President of the Executive Yuan, concerning the Tangku Truce Agreement.

After the fall of Jehol, the Chinese troops along the Great Wall fought fearlessly against the Japanese military forces in order to defend and recover Chinese territory. Handicapped by the lack of deadly weapons and sinews of war, but thanks to the loyalty and bravery of our officers and soldiers, we were able to engage in the severest fighting continuously for three months without our troops relaxing in the least their energy. The battles which the troops under the command of Generals Miao Cheng-liu, Sung Che-yuan, Shang Chen and Hsu Ting-yao respectively fought at Lamatung, Hsifengkow, Lengkow and Kupeikow demonstrated their fearlessness of powerful enemies and resulted in the glorious and noble sacrifice of their lives. The recent fighting around Nantienmen, during which the casualties of the troops despatched there by the Central Government exceeded one half of their total number, was especially terrible and proved unmistakably the patriotic spirit in which they made the supreme sacrifice.

The Japanese army with such superior offensive weapons as heavy guns, tanks and bombing planes ceaselessly attacked the Chinese troops who fought as it were with their own flesh. But the Chinese troops tenaciously held their ground until their defence works were completely destroyed by the bombing of the Japanese airplanes; and it was only then that the Chinese troops were compelled to retreat for strategic reasons. The bombing from the air was not confined to the Chinese military camps but it was also wantonly extended to the civilian population who took no part in the military engagements, resulting in the slaughter of innocent people and the ruthless destruction of their property.

On May 22 and 23 the Japanese troops were advancing rapidly on Tientsin and Peiping where there is a large population and where foreign nationals and Chinese live in close proximity. Such atrocities as mentioned above threw them into a panic and they ardently hoped that measures would be adopted to relieve the tension of the situation so that the catastrophe might be averted.

The Chinese Government urged as well as encouraged the troops to continue the defence of the country with heart and soul and to the best of their ability. At the same time the Government would permit the cessation of local hostilities provided that the territorial sovereignty of China be not impaired and the various international agreements concerning the maintenance of world peace and justice remain unprejudiced.

The agreement relating to cessation of fighting in Hopei province has now been signed by the representatives of the military commanders at the front. Needless to say, it is most painful to examine this document. However, as it is confined to military matters and touches upon no political issues, it does not in the least affect the fundamental policy which the Chinese Government has adopted.

China will seek a just and equitable settlement of the whole situation in the Far East under the same principles which have hitherto guided her efforts in this regard and which have been upheld practically by all the nations of the world.

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Wang Ching-wei, President of the Executive Yuan, May 31 issued a statement on the truce in north China, of which the following is a free translation:—

The present truce negotiations in Hopei are confined to military affairs only and do not in any way touch upon political matters. This is a fact which has been amply proved by the composition of the delegation sent by the military authorities at the front, as military delegates have naturally no authority to discuss political questions.

It has been said, ironically, that just as we lost territory through non-resistance, we are now losing territory in spite of resistance. This is certainly true.

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Hu Han-min Alleges Chiang Kai-shek Is Selling Country

The following statement was issued at Hongkong May 27 by Hu Han-min, former head of the National Legislative Yuan at Nanking and now affiliated with the Southwestern Political Council. The statement sets out the reasons why Canton is opposed to peace with Japan, and alleges that Chiang Kai Shek is accepting Japanese aid to secure his own position.

AMIDST the din and confusion of these tense hours in North China, it is by no means easy to see the peace negotiation in the true perspective. Chinese and foreigners alike recognize that the task is a difficult and complicated one and the leaders of Nanking should be under no illusions as to the pitfalls that lie ahead. For this reason a warning was issued the other day from the South-West Political Council in a message to the League of Nations and to the Singatories of the Nine-Power Treaty which guarantee the territorial and administrative integrity of the Chinese Republic. At the moment, on the League of Nations lies a responsibility greater than has been laid at any other time, namely, to remind itself of the pledge to defend an unjustifiably attacked state. Little wonder that the London *Daily Herald* urges the League to take more energetic action before it is too late.

In the matter of negotiating peace with Japan, the final requisite for a satisfactory solution is for all the leaders of China to consult together fully and frankly in order to arrive at an agreement that would spare China endless trouble and danger in the future. But any temporary compromise with Japan based on Chinese recognition of Manchukuo, would be carrying out a policy against the will, and at the expense, of the unfortunate people of China. Signing such a peace pact is to bow submissively to the militarists thesis of Japan, pure and simple. Furthermore, the Chinese people are inclined to believe that the Nanking leaders are bargaining with the Japanese militarists for economic, financial and military assistance, ostensibly to suppress the Red bandits, but in point of fact to enable the Chairman of the Military Council to eliminate all other military forces that that are inimicable to his own selfish interest and ambition.

Secret Negotiation Alleged

According to information from reliable sources, secret negotiation has been going on for sometime between the emissaries of the Nanking and Tokyo Governments. A certain political leader of the former Anfu clique, whose pro-Japanese proclivity has been too well-known to the Chinese people, has been entrusted with the mission of bringing about a truce with Japan. The specific instruction that General Chiang Kai Shek gave to this military Envoy to negotiate with Japan was that he should do everything to prevent the Volunteer troops from resisting the enemy's agreesion. Everything tends to point to the fact that a policy of non-resistance is uppermost in the mind of General Chiang and surrender through direct negotiation has been well under way. One only needs to recall to mind the first public utterance Mr. Huang Fu, Chairman of the Political Council, made upon his arrival in the Northern Capital. In effect, he said, "No one would think of compromising with Japan, but I believe that under certain conditions it is possible for us to reach a mutual understanding." A very diplomatic statement no doubt; at the same time, one can read between lines that direct negotiation is what he is seeking to achieve.

The League of Nations and the Signatories to the Nine-Power Treaty have a common purpose and accept a common obligation towards China, namely, to set up a mighty moral bulwark against any aggressor doing anything derogatory to her national dignity and sovereignty. The feelings of the Chinese people within and without Manchuria under no circumstance would accept as a lasting solution the complete cutting off of the four provinces. The Chinese political leaders responsible for the direct negotiation at the moment may as well make up their mind to speak out candidly on this point. Any attempt to accept, as I have just said, the militarist thesis of Japan is tantamount to legaliza-

(Continued on right-hand column of succeeding page)

PRESIDENT WANG CHING-WEI ISSUES STATEMENTS ON TANGKU TRUCE AGREEMENT

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For judging from our present national strength, we could have known from the very beginning that resistance would not bring us any victory. That, despite this knowledge, we have still resisted shows only that we were determined to strive to the utmost and do what our conscience impelled.

For the past three months, our troops along the Great Wall have carried on a bitter and hard struggle with our opponents. Their equipment consists of the most modern and deadly weapons of aggression, such, for example, as heavy artillery, tanks, and bombing 'planes. Of these, our troops have either none or have them in such inferior quantity or quality that they are hardly any match for our opponents. What we have been relying upon is therefore only the spirit of loyalty and gallantry and human bodies made of flesh and blood. Our troops have perished with the loss of our lines and it was only after suffering severe casualties that they have retreated. The fact of their heroic and tragic struggle is clear and conspicuous and is such as can never be effaced.

Moreover, due to the disturbances of the Red bandits in various parts of the country as well as other hindrance reinforcements could not be dispatched in time, thereby rendering it impossible to carry out the whole military plans.

Besides, the desperate support given by the people in the war areas as well as the distress they have suffered as a result of the fighting should also have been known to the entire nation.

All these sacrifices have been made to show our determination to struggle for the honor and existence of the nation; considerations of success or failure never having entered our minds.

I wish to emphasize that so long as there is breath left in the Government and the troops under its control, they will never give up the determination to make the final sacrifice. I do not hesitate therefore to vouch to the nation and the world that there will never be any signature of agreements for recognition (of "Manchukuo") or cession (of the Four Eastern Provinces), as has so frequently been the subject of speculation abroad.

As for a "local relaxation of tension"—which need not affect our sovereignty or territorial integrity nor the position to which we have attained in the family of nations,—the Government will not hesitate to bring that to pass in order to give a breathing space to the worn troops and distressed people; the Government assuming of course full responsibility for such action and leaving to the "true and permanent" judgment of the people its rights or wrongs, advantages or disadvantages.

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Sun Fo Makes Statement on Situation

The report that there were secret annexes attached to the Tangku truce agreements was denied by Sun Fo, President of the Legislative Yuan, on his arrival from Nanking June 4. Explaining the events leading to the conclusion of the truce agreement, Mr. Sun said that the Government, seeing further resistance would be futile, conceded to open armistice negotiations on the following four principles: that the agreement should be verbal; that there should be no demilitarised zone; that no political questions should be discussed; and that only military officers participate in the negotiations. As the Japanese refused to accede to the first and second principles, the Chinese Authorities were compelled to conclude a truce under the basic condition that it should be confined to military matters and should not touch upon political affairs.

President Sun then went on to describe the activities of seditious elements in Tientsin and Peiping prior to the signing of the agreement. The most notorious of these traitors were Sun Chuan-fang, Shih Yu-san, Hsu Hsi-yuan and Chang Chin-yao; the last-named having been assassinated at Peiping. President Sun stated that Chang Chin-yao had been supplied with $1,600,000 for the seditious elements as well as to attempt to suborn the Chinese defence troops. Evidence which had fallen into the hands of the police following Chang's assassination revealed that these seditious elements were conspiring to set up a so-called "Military Government of the Republic of China," which would in fact be only another puppet organization. As the preservation of north China depended upon the safety of Peiping and Tientsin, the Government was compelled

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HU HAN-MIN ALLEGES CHIANG KAI-SHEK IS SELLING COUNTRY

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tion or recognition of Manchukuo and that would be, as Lord Lytton says, to create for the future a serious irredentist problem. In other words, Japan in her forceful occupation of the four provinces, has absolutely refused to take account of the feelings and aspiration of the Chinese people at present and in the future. Foreign sympathizers and well-wishers of China, who are observing the Japanese army performing "a work of robbery with great skill and speed" as the *Manchester Guardian* has characterised it, would see at once that Japan is setting in motion forces in the Far Eastern situation which she could neither control nor defy for long in the future.

Disintegration of China

At all events whatever happens in the immediate future, two results are bound to follow from Japan's forceful occupation of Manchuria and Jehol.

1. It is obvious that having entrenched herself in a strategic position, Japan will remain impregnable for some time and all the interests and possessions of the other powers bordering on the Pacific are at her mercy. Eventually, Japan will become a greater and greater menace in the Pacific basin, racially, culturally and economically.

2. The outcome of the recognition of Manchukuo will mean the gradual disintegration of China and the elimination of the sanctity of treaty obligations, international commerce and friendship. Still another aspect of the peace situation to be considered is that of Japan's pledge to assist China financially, militarily and economically. If this is carried out, it will mean giving fanatically aggressive Japan a freer hand to establish her influence and interests in South China and to interfere with our own internal affairs, the ultimate danger of which is no less grave than the total loss of Manchuria.

There can be no doubt that the Red bandits in the Yangtsze area, more especially in the Kiangsi Province, are a growing menace and should have been eliminated long before now. For the last two or three years, I have sounded repeated warnings to the Administration in Nanking to tackle this task with greater determination. Instead, only half-hearted measure has been adopted to face the issue, with the result that the evil is spreading to wider areas.

The Red Movement

As has just been said, Red bandit suppression would have been successfully done, if General Chiang Kai Shek had grappled with the problem in real earnest. And it is inconceivable how General Chiang could have failed to solve the problem of banditry when he has had at his entire disposal all the available resources of the Central Government. Consider for instance, he has under his command 400,000 men with the best possible equipments and arms. He has all the financial aid available from Nanking to establish headquarters at Hankow and Nanking and to get at the strongholds of the Reds bandits without much ado. And notwithstanding the fact that he has been engaged at his task for the past five years, no tangible results have yet been seen.

Then, too, let it be borne in mind that Chiang was first fighting against only a few thousand poorly equipped bandits. The number has since increased from 35,000 to 40,000 in Kiangsi Province. The real cause for his failure and the principal cause which has given rise to an increase of banditry and Communism in China to-day may be attributed to Chiang's selfishness and his blundering tactics in handling his troops. To-day it is a well-known fact that a good percentage of the bandits and Reds have originated from Chiang's unpaid soldiers who have deserted him because of illtreatment.

It appears that Chiang has been in the habit of paying regularly and treating well his own trained men. But he deliberately discriminates against troops coming under his command from other quarters. The latter he consistently gets rid of by sending them to fight bandits and Communists, but he leaves them unpaid without the slightest qualms. This method of treating soldiers apart from Chiang's favorite troops has disposed of many a division. Such being the case, one cannot blame these disgruntled men for throwing in their lot with the bandit hordes. Thus this reveals one of the contributing causes for the increase of banditry and Reds in the country.

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SUN FO MAKES STATEMENT ON SITUATION

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to authorize the cessation of hostilities in order to consolidate the situation and to avert what might be the loss of the whole of North China.

Regarding the situation in Charhar, President Sun pointed out that the assumption by General Feng Yu-hsiang of the post of Commander-in-Chief of so-called People's Anti-Japanese Allied Forces had created serious tension, the Japanese forces being reported to be advancing towards that province. General Feng's action had also placed the Central Authorities in a quandary, Mr. Sun said. The Government could neither exercise control over General Feng nor assign troops to General Feng for the defence of Charhar. On the other hand, to adopt a policy of indifference might result in the loss to the Japanese of Kalgan and the provinces of Charhar and Suiyuan. He intimated however that General Huang Fu, who was a personal friend of General Feng, had sent a special representative to arrange with the latter a satisfactory modus vivendi.

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The following is a free translation of the communique issued by the Peiping branch of the Military Affairs Commission regarding the conclusion of the Sino-Japanese armistice agreement:—

The Kwantung Garrison Commander received at Miyun, on May 25, a formal truce offer from Chairman Ho Ying-chin conveyed by his staff officer, Hsu Yen-mou. On the basis of this, Major-General Neiji Okamura, Vice-Chief-of-Staff to the Kwantung Army, representing the Kwantung Army and Lieut-General Hsiung Pin, representing the Chinese army in North China, signed at Tangku an armistice agreement at 11.10 a.m., on May 31. The gist of the agreement is as follows:—

1.—The Chinese will withdraw to regions west and south of a line connecting Yenching, Changping, Kaolimen, Shunyi, Tungchow, Hsiangho, Paoti, Lintingchen, Ningho and Lutai. The Chinese troops undertake not to advance beyond this line as well as to abstain from any provocative or disturbing acts.

2.—In order to ascertain the carrying out of Article 1 of this agreement, the Japanese army may make observations by aeroplane or other methods. The Chinese authorities will give the necessary protection and facilities.

3.—After being satisfied that the Chinese troops have been withdrawn to the line stipulated in Article 1 of this agreement, the Japanese troops will refrain from pursuing the Chinese troops beyond that line and will also voluntarily and completely withdraw to the Great Wall.

4.—The maintenance of peace and order in the areas south of the Great Wall and north and east of the line stipulated in Article 1 of this agreement will be undertaken by Chinese police organs.

5.—The present agreement will come into force immediately after the signature thereof.

National Kuomintang Congress Postponed Until Nov. 12

The standing committee of the Central Executive Committee of the Kuomintang at its meeting on June 1 decided to cancel the extraordinary meeting of the National Kuomintang Congress originally fixed for July 1 and decided to convene a regular meeting of the national congress on November 12. The decision was reached at the recent conference held in Kuling.

Delegates already elected for the extraordinary meeting of the congress will be automatically delegates to the regular congress on November 12.

General Ho Ying-ching, chairman of the Peipi Branch Military Council, has been appointed a member of the North China office of the Central Executive Committee of the Kuomintang.

General Huang Shao-hsiung, minister of home affairs, will shortly leave for South China to interview the leaders in Fukien, Canton and Kwangsi, including Generals Chen Ming-shu, Chiang Kwang-nai, Tsai Ting-kai and Chen Chi-tang, Hu Han min, Generals Pai Chung-hsi and Li Tsung-jen, with a view to explaining the attitude of the Nanking government concerning the present Sino-Japanese situation, the Communist suppression program and the forthcoming Fifth National Congress of the Kuomintang.

HU HAN-MIN ALLEGES CHIANG KAI-SHEK IS SELLING COUNTRY

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In other provinces, lying outside of Chiang's purview and control, however, the suppression of bandits and Reds has been thorough and successful, because the military leaders have resolved to achieve what they set out to do. It goes to show therefore that with more efficient forces and abler men in command, the problem of Red banditry is not insoluble; and there is no necessity whatever for invoking aid from outside of China.

Chiang Aims at Dictatorship

Let us turn for a moment again to the Japanese pledge of financial, economic and military aid to enable Chiang Kai Shek, to whom the Government at Nanking is entirely subservient, to set things in order in China. The express object of this pledge, it is plain enough even to the man in the street, is to make Chiang a virtual dictator and an instrument of the Japanese militarists so long as he is amenable to the bidding of Tokyo. Those who are well-versed in the history of the Chinese Republic, however, can understand that no dictatorship of any degree would be tolerated long, without meeting the fate of Yuan Shi Kai. In short, Yuan's attempt to make himself a dictator brought on more than a decade of internal strife and turmoil; and Chiang's similar exploits in 1930 caused the split between Nanking and Canton. The subsequent conciliation between Nanking and Canton came about through the Japanese aggression in September 1931, coupled with Chiang's promise to resist to the bitter end against a national foe. But Nanking has been astonishingly persistent in adopting a non-resistance policy or "non-policy" attitude towards the Sino-Japanese crisis and now the South West Political Council has exhausted its patience and felt constrained to oppose Nanking, wondering whether Chiang is working for the elevation or for the degradation of his own country.

The South-West Political Council thinks that this is the hour to speak out firmly and decidedly when necessary against a "peace without honor." If the Japanese terms are accepted, not only will China be thrown into great chaos, but all the Western Powers with Far Eastern interests will be immediately affected. At this moment of national crisis any true patriot would maintain the view that united, China shall stand and divided, the country shall fall. At the same time do not let China accept terms from Japan which would cause dissatisfaction and dissension in the country; in such position, it would suit the designs of Japan better, as it would play into the hands of the Japanese militarists.

The message sent out recently by the South West Political Council was inspired by the primary object of seeking a lasting solution compatible with the aspirations of the Chinese people and the entire world for international peace.

Shanghai Chamber of Commerce Warns Government Leaders

The Shanghai Chamber of Commerce May 31, addressed identic telegrams to the Central Government at Nanking, the South-west Political Council at Canton, the Branch Military Council at Peiping, the Fukien Provincial Government, Marshal Feng Yu-hsiang and Hu Han-min advocating real co-operation among government leaders to save the country from destruction. The Chamber pointed out that if all the government leaders in the country would co-operate, instead of maintaining a hostile attitude towards each other, a strong force could easily be sent to North China. But as they refused co-operation, it was necessary for the Government to keep a large military force in the rear, thereby considerably weakening the Chinese resistance along the Great Wall.

Wang Ching-wei's Message to Europe

A spokesman of the Foreign Office at Nanking, June 4 denied reports in the Chinese press to the effect that Wang Ching-wei had cabled a statement on the Tangku armistice direct to the secretariat of the League of Nations and to various foreign governments. Mr. Wang explained that, actually, the statement in question was cabled to Chinese envoys abroad with instructions to release it locally and informally to draw it to the attention of the governments to which they are accredited. The statement was also cabled to the Chinese delegation at Geneva and telegrams from the delegates and from the envoys show that the instructions have been carried out.

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65-073

Disgraceful Surrender or Honorable Peace?

BY PAUL K. WHANG (汪仲芳)

PEIPING and Tientsin have been saved at the eleventh hour from the Japanese occupation. A preliminary truce has been signed. The Japanese forces have begun to withdraw from their occupied areas. The anxiety of the general public has been assuaged. The prices of government bonds have gone up. These are the outstanding events of a very critical situation of the past two weeks. With the enemies at the gate of our old Capital, the attitude of defiance on the part of our people has been changed into that of submission, and the cries of "resistance-to-the-death" have been turned into those of "peace at any price". In proportion to the accentuation of the national crisis, the people, as a whole, have become more concerned with their own personal matters than with national affairs, and they are now satisfied that with the signing of a truce everything can once again go on as usual. The business men have been especially relieved of their worries, because the settlement of the northern war situation will invariably pave the way to the revival of trade and the return of prosperity.

For the past few weeks, the Chinese people have been fed up with false hopes. The true state of affairs has been smokescreened through the establishment of censorship over the war news, and the government authorities have purposely disseminated fabricated war news with the object of winning back the lost confidence of the people. The retreat has been reported as the change of strategy or as tactical withdrawal. The defeat has been styled as new victory. Now, disgraceful surrender has been termed as honorable peace.

Not the Same as the Shanghai Situation

The Chinese are not so naive as to accept these fabricated war news at their face value, nor are they so simple-minded as to believe that China can sue for peace with honor at the time when the enemy is at the gate of our old Capital. The northern situation can not be compared to the Shanghai condition after the war last year. Then China was in a very favorable position from the standpoint of domestic as well as international situations after the heroic resistance of the 19th Route Army. The world opinion was on China's side, and the Chinese themselves were in a high spirit. The Japanese militarists, after going through a costly campaign and in face of the world condemnation, were very anxious to get out of the Shanghai entanglement. Moreover, the volunteers were very active in Manchuria, and the Japanese had to withdraw their forces from Shanghai to cope with the Manchurian situation. But in spite of those favorable conditions, China, through the treaty of peace, has lost her right of stationing her army in the neighborhood of Shanghai—a fact which the Chinese government has not yet acknowledged.

But as regards the invasion of Jehol, the Chinese have never been able to put up any semblance of resistance against the Japanese invaders. Because of China's inability to defend her own territories, the friendly Powers have remained on the sidelines with indifference. Moreover, the Japanese can concentrate their whole energy on the present campaign, when the volunteers are no longer as active as before because of the lack of leadership. With Peiping and Tientsin within their easy reach, they can dictate what terms they want. Will the Japanese be so kind-hearted as to sign an armistice and evacuate their forces from their occupied areas without exacting a price? Granting that the Japanese will not insist upon the problem of Manchuria included in the agenda to be discussed in the forthcoming peace conference, we have reasons to believe that the areas south of the Great Wall now occupied by the Japanese will be at least demilitarized.

We have been told by a certain high official that humanitarian reasons led Chinese officials to conclude a truce in the North. Yet a few weeks ago the same official assured us that China would resist regardless of how big a sacrifice China had to make. The change of the tone is as tragic as it is amazing. If we really attach any importance to the humanitarian reasons, why should we kick out Marshal Chang Hsueh-liang who, because of his policy of non-resistance, must be hailed as the most humanitarian of all? Furthermore, because of the same reasons, we should also lay down our arms against the Red-banditry, so that the lives of thousands of innocent peasants can be spared from the massacre.

Our government officials, in their public speeches, are still claiming that China's policy of prolonged armed resistance remains unchanged. When have the Chinese armies ever put up any resistance? If they have ever done so, it has not been on the battlefield but on paper. This farce of resistance has been carried too far to arouse any more interest among the Chinese populace.

That the Southwestern Political Council should bitterly denounce the Northern truce is expected. Being in the extreme south, the officials of the southwestern provinces have not yet seen the Japanese bombers and heard the Japanese guns. They are still talking about sending an expeditionary force to the North to resist the Japanese. This reminds us of the old Chinese saying that we have only heard the footsteps, but have not seen the man coming down. They are seeking the first opportunity to concoct the downfall of the Nanking government on any pretense they can seek.

Why should our government try to save its face by misleading the public as to the true state of affairs? The situation has already come to such a pass that a spade must be called nothing more than spade. As Wang Ching-wei has said, we are "militarily weak and economically unprepared", and therefore we are no match for the Japanese war machine. Then why should our government indulge in the process of buoying up our false hopes? A defeat of today may be turned into a victory of tomorrow, if we can only learn therefrom the lesson to revenge ourselves. Chinese history offers us many instances, the most notable of which is the King of Yueh. The King of Yueh was badly defeated by the King of Wu and had to sue for a disgraceful peace. With this bitter lesson at heart, the King of Yueh forsook his court life and devoted his time to the reorganization and training of his army. After ten years of painstaking and presistent efforts, he was able to defeat the King of Wu and recover his lost territories. Therefore if we can only emulate the example of the King of Yueh, we have really no reason to be ashamed of our present disgraceful surrender.

China Not United

But what distresses us the most is not our disgraceful surrender but that our present rulers are not as self-conscious as the King of Yueh and our people are not as serious-minded as those of the old days. During the past eighteen months of national crisis, China, it must be admitted, has never at any one time put up a united front against the foreign enemy. Sporadic civil wars have broken out in Canton, Shantung and Szechuen, and the campaign against the Red-banditry has been carried on intermittently. With the cessation of hostilities with the Japanese in the North, it is generally feared that civil war on a large scale between the Nanking and Canton factions will once again break out. Marshal Feng Yu-hsiang, who has entertained a bitter grudge against Nanking and who has just assumed the post of commander-in-chief of the Anti-Japanese Allied Forces, may lead his former followers to support the Cantonese separatist movement.

In a word, the present political leaders show more concern about personal interests than about national welfare. Under such conditions, how can we expect them to forsake their luxurious life, sink their personal prejudices, and devote their time to the reorganization of the government and the training of a modern Chinese army? Therefore it is ridiculous to talk about the war of revenge and the recovery of our lost territories.

The supineness of our people must be also deplored. With the Manchurian embroglio not yet one year old, defeatism has already been developed among the wealthy people, and their intense feeling of patriotism has been supplanted by anxiety about business interests. They have been craving for temporary peace at any price, so that they can reap their usual profits through the revival of trade. The patriotic feeling of the Chinese people has died out, and even the most eloquent students have been satisfied with burying themselves in their books. The people, as a whole, seem to have already forgotten their humiliations and lost territories.

With these unfavorable conditions in view, we can not help looking at the future prospect of China through the glasses of pessimism. If we do not take the present lesson seriously to heart, we shall not only lose our Manchuria and Jehol forever, but we may still see the partitioning of the whole of China in the not distant future.

Shanghai, June 2, 1933.

65-074

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The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold **pleasure of sight-seeing.**

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65-075

Hongkong---Moral and Magnificent

BY W. BURTON

HONGKONG is one of the most magnificent cities in the world, and for a metropolis of nearly one million population it yields to none other, east or west of Suez, on God's green footstool in matters of morality. And yet to many persons in the Occident, its curious, almost comic opera name, (which merely means "fragrant streams") conjures up all Kipling ever wrote about thirst-raising, and all the tall tales travellers tell about hell-raising in the land of tinkling pagodas and almond-eyed broken blossoms!

Of course, Hongkong has never tried prohibition in the American manner; insofar as it has ever conducted any "noble experiment" at all in discouraging drinking, it has followed the Soviet system of making booze very expensive. Virtually all drinks, but notably beer, are higher in Hongkong than in Shanghai. Furthermore, try to get a drink in Hongkong—that is publicly—after 1 a.m.! For that matter, try to do anything requiring some public utility after 1 a.m.! In a trite, but expressive American idiom, they take in the sidewalks in Hongkong between midnight and 1 a.m. and don't put 'em out again until after sunrise.

It is true that opium is legalized there, and also horse-racing, but the former is not publicly consumed and the latter is conducted very sedately. It is also true that prostitution is not an unknown profession, but it certainly cannot be said to be prevalent. Except amazingly secretly, prostitution by foreign women appears to have been entirely eliminated, and Chinese prostitution has been greatly curtailed. The houses of the once famous West End, patronized by wealthy Chinese, have been given notice that they will soon all be closed, and even today they are so regulated that a customer must name his chosen one before being allowed to enter a house. Adjoining restaurants, therefore, profit greatly by chaperoning introductions, but even so the district is dull and not well patronized.

The Oldest Profession

In fact, so moral in this respect has Hongkong become, that the Chinese are developing Shumchun, the first Chinese stop on the Kowloon-Canton Railway, as a vice center for Hongkong residents who cannot often afford the time for the 4-hour boat trip to Macao. Also, British naval officers are complaining that as a result of outlawing prostitution, the sailors are finding girls (Chinese) on the streets who are diseased. Consequently, there is a move to establish a few legal houses entirely for sailors.

Moral as it is, Hongkong has some cabárets. They are a recent innovation. But, gentle reader in Shanghai, they are not called cabarets. They are "dancing academies." And the dancing girls are "teachers." And tickets are plainly labeled as tuition for "instruction." Under the rules, the "academies" admit only members and their friends. That last clause, it might be added, admits everybody. But these academies do actually and really close not later than thirty minutes past midnight, and—believe it or not, Mr. Ripley—they do not sell any refreshments containing alcohol! And the "teachers" are not allowed to sit with their "pupils." But there's no law to keep them from having "dates" afterward, which apparently happens very frequently,—and while the fathers of the colony may not be, in their undoubted innocence, aware of the fact, "dates" at thirty minutes past midnight are for various reasons requiring no discussion much more likely to end in an un-Victorian manner than "dates" at such a weary hour as 2, 3, or 4 a.m. *a la* ungodly Shanghai!

At this is written, the legislative council has been in a prolonged huddle to devise new rules for control of cabarets, and it may be that sale of alcoholic liquor will later be allowed. At the same time, gentle reader in Shanghai, there has been a vigorous campaign by the cops to control massage establishments. Many have been closed. "Like the cabarets," said the *South China Morning Post* recently, "many massage shops have acquired a mushroom growth, and are said to have given the police authorities endless worry, as it is known that a grave social evil exists in a number of cases."

So much for the moral aspect of Hongkong. Its magnificence is much more attractive, and in the opinion of this observer, it is one of the world's most beautiful cities,—ranking with Peiping, Paris, Naples, Havana, and San Francisco. Viewed from the Harbor, or viewed from the gorgeous promenade around the Peak, it is a metropolis of almost incredible loveliness, and something of which every Briton has a right to be proud.

Ironically enough, the physical glory of Hongkong is really a monument to ignorance. The island of Hongkong, which has an area of only about 29 square miles, was seized by Great Britain in the same war in which she succeeded in forcing Indian opium on China. At that time, although victorious in the Opium War, Great Britain had no accurate conception of the amazing weakness of China. Nor did the Manchus have any accurate conception of the imperial might of England. Had each side known the other better, England beyond doubt would have asked for and received a large slice of the Kwangtung mainland instead of merely a barren isle. Thus today there would not be anything more than a lighthouse and maybe a fort on Hongkong island; the main city would be Kowloon which, while hilly, pretty and well built, is in no way outstanding.

But as it was, England was for a time content with a rocky, treeless isle which to this day is without adequate water. It was, however, as the British imperial pioneers doubtless realized, in a very strategic position in relation to Canton and it had much better harbor possibilities than Macao, the nearby Portuguese Colony which had provided England with her initial base for the penetration of Cathay.

The Bulldog Imperialists

After taking the island—which the Manchus, having no conception of its strategic importance in the dawning industrial age, probably thought the British were fools for wanting—the bulldog imperialists started to "dig in" with true English grit and tenacity. Scores of them died, but other scores came forth to take their places. Reasons of health early dictated development of the nearly 2,000-foot Peak, and reasons of comfort caused a reafforestation campaign that today gives the island much of its charm. Thus, from the time the island was ceded to Great Britain in 1841 until China's weakness became pathetically apparent—that is, in 1860—the foundations of that part of the island locally called the "City of Victoria" (an appropriate name in view of its morality!) were well and truly laid. Expansion then across the narrow stretch of bay to the mainland, called Kowloon (meaning "nine dragons"), probably prevented further spectacular development of the island, but enough was done to show what Britons really can do in establishing bases under adverse conditions for imperial plundering of "heathen breeds without the law." Kowloon, like the island, was ceded by China to Great Britian, but the subsequent seizure (in 1898) of the area known as the New Territories, including Mirs Bay and Deep Bay, was through one of those 99 years leases that are intended to last forever. As result of the additional seizures, the total area in the colony of Hongkong is now about 345 square miles commanding the mouth of the Canton River on which Canton—China's most important city under Chinese control—is located.

Hongkong, of course, is not primarily important for either its morality or its magnificence, although these are interesting aspects of the colony. It is, in addition, famous for its snobbery, but that is still less important than its Victorianism or its beauty. In fact, I failed to find Hongkong any more snobbish than Shanghai or other treaty ports. Perhaps it may be more difficult to get an invitation to the Hongkong Club than to the Shanghai Club; I don't know. I spent many years in Shanghai without ever entering the portals of the Shanghai Club, and I have no doubt that I could spend any equal number of years in Hongkong without entering the Hongkong Club. Not even the two Chinese members of the Hongkong Legislative Council can enter the Hongkong Club; I am not certain whether the Shanghai Club is equally strict or not regarding Chinese members of the S.M.C., but if there is any distinction it does not signify any real difference. All English imperialists with few exceptions are snobs, but not all British imperialists. In Hongkong there are more than 800,000 non-Englishmen, including probably 3,000 non-English Britons and over 1,000 Americans,—which gives one quite a wide choice of acquaintances outside the Hongkong Club membership. And, in this observer's candid opinion, there could be no reason except snobbishness for desiring social relations with Hongkong Club members!

So much for Hongkong's morality, magnificence and snobbery. The most important aspect of the colony is its economic and political importance in imperialism in China. As I have already pointed out, it occupies a most strategic position. Should China ever achieve the unity and strength to demand a settlement of long over-

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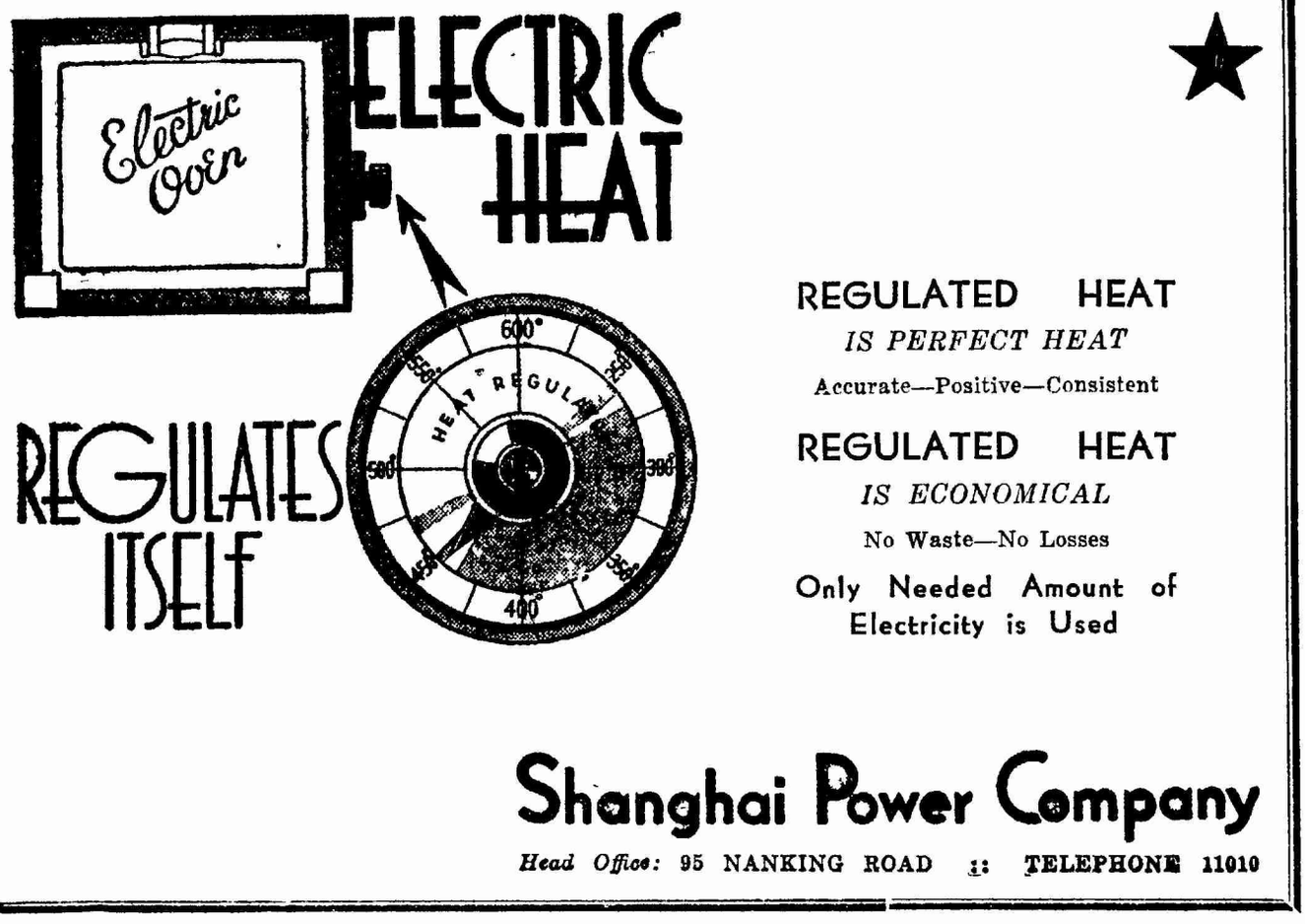

due accounts with the western world, not to mention Japan, Hongkong's position would constitute a military factor that, other things being equal, would probably paralyze South China. Even if Canton escaped capture, it would be effectively bottled up. In this connection Hongkong is in a more commanding position in the South China area than the small foreign districts of Shanghai are in the Yangtsze Valley.

Of more significance in the predictable future, is that the existence of Hongkong makes practically impossible the development of a great port in Canton. In theory, of course, if China were united and spent her taxes for construction instead of civil war, a port could be built in Canton with result that ships would pass by Hongkong even as they started passing by Macao after the development of Hongkong. That, of couse, would happen if Britain's imperial virility should ebb as that of Portugal has. But otherwise it is not likely. Hongkong not only has the best harbor on the China coast, but one of the half dozen best in the world. It controls a railway to Canton. It has built up throughout the decades splendid port facilities of every description. Such a start is very difficult to overcome. Many millions of dollars would be required to develop a harbor in Canton that could compete with that of Hongkong. Verily, a strong, unified China would have fully as good a chance to rendite Hongkong by force of arms as it would have to oust it commercially. For Hongkong, that is, the area in the colony—not the island itself,—is the natural port of entry to south China under the conditions of the modern age, and that is an advantage that it would be almost impossible to overcome.

Hongkong Welcomes All Except Communists

Hongkong lives almost entirely by distributing, transhipping and financing South China trade. Sixty-five percent of this trade, it is estimated, is in Hongkong's hands. Even today, despite the world depression, Hongkong is fairly prosperous. Its budget for the last fiscal year, which was recently announced, showed a surplus, revenue amounting to H.K. $33,549,716 while expenditures were $32,050,283. The profits from the opium monopoly, incidentally, showed a decline from over $3,-000,000 in 1931 to only slightly over $2,500,000 in 1932. A decline of an equal amount is anticipated this year. Thus, whatever may be said in criticism of Hongkong for legalizing opium, it cannot be said to be profiting greatly by it.

One profit to the colony not shown in official reports has been the re-labeling and transhipment of Japanese goods to avoid the boycott in China. This, of course, has hurt British trade, but it has been profitable for Hongkong. The middleman does not really care in whose goods he deals so long as he can collect a toll on each piece of merchandise that passes through his hands.

In trade, the future of Hongkong would appear to be bright, that is, relatively speaking. It will continue to dominate whatever trade there is with South China, barring political developments. It must not be forgotten, nor has it been forgotten in Hongkong, that the Chinese boycott in 1925-26-27 almost bankrupted the colony. In fact, it would be bankrupt except for the gift of some £10,000,000 from England. Today, the Hongkong government does not appear to be attempting to play any important role, either on its own behalf, or on the behalf of Downing Street, in Chinese politics save rendering a certain amount of assistance in fighting communism. All Chinese political refugees who are not Red, and who have money enough to pay their hotel bills, are welcome,—and there are many in the colony right now. There appears to be no connection between the Hongkong government and the Canton government (except a common anti-communist policy), although it is not unlikely that Hongkong officials welcome disunity between Nanking and Canton so long as there is no actual civil war to hurt trade,—for while it is doubtful if Hongkong could be permanently undermined commercially at any time in the predictable future, it assuredly could be made to suffer in the future as it has suffered in the past by a strong wave of Chinese nationalism. And as long as Nanking and Canton are antagonistic to each other, Hongkong is secure, for Canton would be in no position to fight Hongkong without genuine national backing as in 1925-26-27 since, without such backing, the City of Rams would be isolated on the mainland and virtually cut off from the sea.

But as long as the present Canton and Nanking governments continue, Hongkong is quite content to be benignly neutral and collect its toll on the South China trade.

Canton, May 27, 1933.

World-wide Activities of America's Leading News Agencies

BY J. C. SHUN (沈建海)

THE *Associated Press* and the *United Press* are the two leading news-gathering and news-distributing agencies in the United States. Commonly known in the newspaper world as *A.P.* and *U.P.* respectively, the two agencies have a world-wide news net and are serving more than 2,000 newspapers, including many published outside of the United States. By their widespreading influence, they rank as two of the greatest clearing-houses for news of the world.

Each finding in the other a keen competitor, the two agencies are conducted along absolutely contrasting lines. The *Associated Press* is purely a co-operative and non-profit-making organization, whereas the *United Press* is run as an ordinary business concern with profit through service as its aim.

A comparative study of the two organizations is expected to be of interest to the Chinese people who have realized China's pressing need of well-organized international publicity through representative Chinese news agencies.

The *Associated Press* is one of the greatest clearing-houses for news of the world. It is purely a co-operative non-profit-making association of more than 1,300 newspapers banded together to exchange news with each other, each member contributing to the common pool the news of its vicinity and in addition a money assessment to pay the expense of independently gathering and distributing the news of the world for the common use and benefit of its members—and its members alone. It has more than 1,300 morning, evening and Sunday newspapers as its members.

The *Associated Press* as at present constituted had its genesis in 1893. Nearly up to that time, the service of general news gathering and distribution had been in the hands of a few regional organizations, the principal and dominating one being the *New York Associated Press*, owned by seven New York newspapers. Another influential regional organization of that time was the *United Press* which must not be confused with the present corporation of the same name, which is entirely a distinct concern not incorporated until 1907. The *United Presss* had been coming rapidly to the front and as a matter of fact had throughly undermined the various sectional organizations so far as the East is concerned and in 1893 asserted dominance and indeed absolute control of the business of the collection and distribution of the news services of American newspapers.

A. P. Is a Non-Profit Association

Seeing the imminent threat of a news monopoly, a number of Western publishers, being afraid that their general news service, the very blood of their properties, would be controlled by a small group of men, came together to organize an agency of their own. The *Associated Press*, then an Illinois corporation, was thus reorganized into a national cooperative non-profit-making institution which owes its existence to ".....the determination of its founders that the newspapers making up its memberships should have a world service of their own, their servant and not their master, the news service to be non-partisan in the broaest sense of the word, to have no bias whatever, whether political, religious, or economic, to be as accurate as was humanly possible, and to be comprehensive within the limits of decency, a news service whose sole mission was to supply its members and its members alone with news not views, a news service that would not constitute itself judge or jury, prosecuting attorney counsel for the defense, but content itself with acting as an impartial reporter."

"The determination was based on the belief of its founders that the prosperity of their newspapers, and indeed the safety of the Republic itself is founded on an undefiled news service and their unwillingness to entrust such a terrifying power to any private group."

The *Associated Press* now operates under a membership charter of the New York State, and is forbidden by that charter to make profits. It has no stock whatever. Each member has one vote and one vote only on all questions save that of the election of the directors. In such election the vote is according to the assessments paid, this being effected by a bond issue, the bonds being, under the law, given voting privileges.

The organization is democratic in the fullest sense. Its affairs are supervised by an elected board of directors composed of fifteen active newspapermen connected with member newspapers, and by tradition and practice selected from all sections of the country, trustees for the common interests of the membership. These directors are obligated to see that the news reports measure up to the original ideals of the institution, and also to deal out justice as between members, and to levy the assessments necessary to carry on the work equitably on the participating members. These assessments reach an annual aggregate of more than ten million dollars, gold.

The board of directors, however, takes no part in the daily direction of the report, acting rather as a body of censors. Every complaint involving the integrity of the report or its accuracy is brought to the attention of the board. The actual collection and handling of the news are done under the direction of the general manager by a large staff, world-scattered, with bureaus placed at all important news centers both in the United States and abroad.

The *Associated Press* divides the United States into various news divisions, namely, Eastern Division, Southern Division, Central Division, Western Division, South Western Division, besides its special bureaus at Washington and also bureaus throughout the world. A special department is maintained, called the Foreign Service, with its headquarters at New York.

Within the United States, the sources of news of the *Associated Press* are its members, except where it has established its own bureaus in the leading cities with special correspondents and reporting staffs. In all places where it cannot maintain its own representatives, it calls upon its member newspapers for all the local news which they have gathered. The members cannot sell that news to other news services and just hold themselves in readiness to supply as much or as little news of a given event in their territory as the *Associated Press* may desire. Each member must print on it masthead in its every issue this sentence—"The *Associated Press* is exclusively entitled to the use for republication of all news despatches credited to it or not otherwise credited in this paper, and also the local news of spontaneous origin published therein."

Throughout the United States, in every state and in the more important points in each state, the *Associated Press* has its individual bureaus and correspondents. The country is gridironed by a leased wire system aggregating 225,000 miles and using 2,500 automatic printers, the development of mechanical transmission of telegraph matter having reduced the number of telegraph operators. Until now, the operators only number 450. Besides this main truck line of leased wires which link up the important cities and whieh carry only news of the first importance, there is an elaborate system of state wires over which news of particular states is carried much more fully than is desired in other states.

Has Its Own Staff in Important Centers

Until 1920, the foreign news received by the *Associated Press* came almost exclusively from London. This gave rise to the criticism that the news was impressed with British bias. To meet this criticism, the *Associated Press* established its own staff men in all the great news centers of the world—London, Paris, Berlin, Havana, Buenos Aires, Rio de Janeiro, Madrid, Rome, Moscow, Vienna, Peiping, Nanking, Shanghai, Mexico City, Santiago, as well as hundreds of individual correspondents scattered throughout the world. Now the *Associated Press* is making an original collection of world news, based on American needs, gathered, written, and edited by Americans from all the creditable news sources that are available to the *Associated Press* including the news collected by practically all the agencies which function in foreign countries.

The *Associated Press* staff numbers, about 3,300, of which 1,800 are full-time employees and 1,500 are what are known as "string" correspondents. A rough estimate

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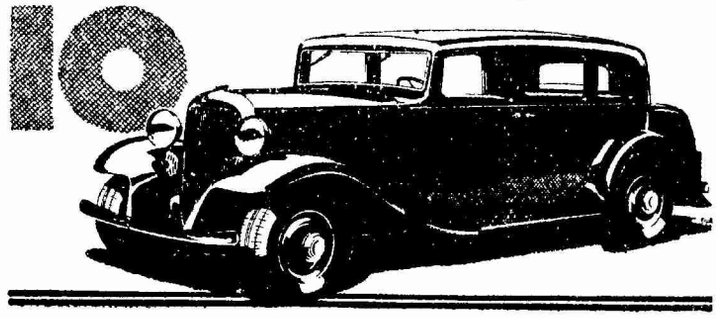

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puts the personnel of the individual newspaper members and the allied agency staffs in addition to its own staffs, in excess of 80,000 individcals. The cost in money to collect and distribute the *Associated Press* news reports is approximately $10,000,000 gold. This cost is met by assessments on its members.

The reports delivered to members vary from a few hundred words daily to the smallest members, to 200,000 words to members in the largest centers. In a normal week in 1929, the news report amounted to 2,562,715 words, excluding the figures of bond and stock-market prices.

The *Associated Press* has never operated on the theory of the "open door" so far as the admission to membership is concerned. Under the by-laws, in any field where there has been a member for a period of five years, no new member can be elected by the board of directors without the consent of the existing member in that field. But the membership as a whole may elect, although a very large vote is required and is rarely secured as it is necessary to demonstrate very clearly that the general interest requires another member in a field already represented in the membership.

The *Associated Press* is now facing an intense rapidly growing and successful competition from the virile and liberal *United Press*. The *United Press Associations*, commonly called *United Press* or *U.P.*, is another American news agency devoted to world-wide gathering and distributing of news of the day. Through a quarter of a century's struggle and effort, the *United Press* can now justly claim to be one of the largest independent news agencies of the world.

The *United Press* is now serving more than 1,000 newspapers, and its news is published in 47 nations and territories, in 19 languages. Cable, telegraph, radio, and telephone facilities are employed in transmitting its news to papers of every size and circulation from great metropolitan dailies in the biggest cities to papers in the smallest communities. In the United States alone, more than 140,000 miles of leased wires are necessary to handle the news.

This great news enterprise was founded June 21, 1907, when the *United Press Associations* was incorporated in New York state as an agency devoted to the collection and distribution of world news to afternoon and Sunday newspapers. Its nucleus consisted of service contracts with more than 250 newspapers in the United States, and its staff, wires and organizations of three sectional news agencies, namely, the *Publishers' Press*, the *Scripps-McRae Press Association* and the *Scripps News Association*.

United Press Is More Liberal

As compared with the *Associated Press*, the *United Press* stands out as a unique and interesting organization. It lacks every one of the cooperative features which distinguish its great competitor, the *Associated Press*. It reports news for purposes of sale only. Its members have no more control over it than the subscribers to a circulation library have over its management.

In either case, the subscribers can give up the service if it is not up to the standard desired. But they have no other direct way of modifying its policies. The members of the *United Press* are never even called into its councils. Whereas the *Associated Press* is what its directors and members wish it to be, the *United Press* is to-day what its keymen say it should be.

Men at the helm of the *United Press* never claim that theirs is a public-spirited enterprise. On the contrary, they constantly declare that it is just another commercial, profit-making and profit-seeking enterprise. They rarely speak of themselves as journalists, but usually as businessmen. With equal frankness, they declare that the *United Press* has no policies of any kind and no desire save "to present to its clients throughout the world a world-wide service of news, objective and impartial, without prejudices of any kind, national, sectional, economic, social religious."

Theoretically, therefore, the *United Press* is inferior to the *Associated Press*. Yet, strange to say, it happens to be the more liberal agency for news-gathering, in many ways shows more sympathy for the underdog, and seems to be far less sensitive to the great capitalistic press influence which gathers around the directors' table of the *Associated Press*.

This is, however, purely accidental. For it was only by chance that the *United Press* was founded by the late E. W. Scripps who was opposed to a monopoly in news and faced American problems from the good-old-fashioned liberal point of view. But there is not any guarantee in the form of the organization that twenty-five or fifty years from now, when the present managers and owners have passed from the scene, the *United Press* will not be an entirely different affair run with a totally different spirit.

In the United States, the *United Press* collects its news not from member newspapers as does the *Associated* Press, but by means of correspondents appointed in various localities. Its officers, of course, believe that this is a better system, that it does not place the agency at the mercy of the news standards and facilities of its members.

The *United Press* has achieved much improvement in its domestic news. At the start, it had its own correspondents in only half a dozen cities in the United States. Gradually, the list of these bases of operation embraced Boston, Albany, New York, Philadelphia, Washington, Raleigh, Pittsburgh, Cleveland, Columbus, Detroit, Indianapolis, Chicago, Milkaukee, St. Paul, Springfield, Ill, St. Louis, Memphis, Des Moines, Oklahoma City, Houston, Lincoln, Denver, San Francisco, Portland, Oregon, Los Angeles and other cities throughout the States.

In 1909, the *United Press* started to organize its foreign service. Most of the leading foreign news agencies have exclusive contracts with the *Associated Press*, thus making it useless for the *United Press* to approach these big foreign news agencies.

At that time no other news was coming across the Atlantic except through the correspondents of three or four large New York and Chicago newspapers. Seeking to develop along the lines pursued by the special correspondents in the United States, the *United Press* erected its own bureaus in London, Paris, Berlin, Rome, placing each under a home-trained man with a small similar staff under him. Each of these bureaus was to evolve its own corps of private correspondents in its territory and supplement with the service of a native-news-gathering service agency, wherever such an organization existed.

Such connections were made with the Exchange Telegraph Company in London, the Hersch Bureau in Berlin, and the Fornier Agence in Paris. Exchange arrangements were also set up with important papers in the great European cities. An alliance was made with the *Nippon Dempo Tunshin Sha* of Japan and also with the Independent Cable Association of Australia, an independent agency active in the Antipodes.

U. P. Starts a Morning Service

Launched as an exclusively afternoon service, the *United Press* started its morning service in 1919 under the name of the *United News*. The news of the *United Press* is now printed in 46 countries and territories and 19 languages.

General offices of the *United Press* are located in New York. Division headquarters in the United States are at Chicago, Kansas City, and San Francisco, and in foreign countries division offices are maintained at London, Buenos Aires and Tokyo.

There are many salient factors which account for the remarkable success of the *United Press*. Necessity at the outset enforced virtues from which benefits accrued as a natural consequence. The only newspaper which a minor news service might possibly enlist lay outside the fold of the *Associated Press*, and a free-lance news agency must appeal to the free-lance newspapers. The path must be kept open to convey the report to all qualified applicants according to their demand and ability to pay and regardless of the aid or consent of any patrons in the vicinity. The *United Press* grants no franchise and no exclusive rights not terminable within proximate time. Since duplication of its news to more than one client in the locality would be a rarity, the overlapping of competing papers in the same locality presented no grave problem. Therefore, the cue of the *United Press* was to decry monopoly and to uphold the profession of news agency by example.

The *United Press* is now exerting itself to retain its customers, which have no other common interest than to print the news sure to hold their readers. This devolves upon the *United Press* management unmistakable obligations. Catering to the sharply competitive evening field, news has to be provided up-to-the-minute and reliable, and also wrtiten in the breezy style adapted to papers conducted along Scripp's lines of policy, and still avoid color bias which might render it distasteful to newspapers differing in political and social outlooks.

There has been evidence that the *United Press* is drifting in the direction of the *Associated Press*. Its executives have been working for several years on the question of broadening its contractual relations with its clients to give due recognition of the values that a client confers on the *United Press* locally as a result of long-time relationship. This means that although founded as a protest against the *Associated Press* policy of creating monopoly in news, the *United Press* is now trying to find some way of protecting a client without at the same time violating its policy of non-exclusivity.

Shanghai, April 6, 1933.

America Definitely by Law Abandons Gold Standard

The U.S. Senate June 3 voted (48 to 20) the repeal of the gold standard acts, despite the opposition of Senator Carter Glass from Virginia and Senator Reed from Pennsylvania who insisted that its retroactive features made it unconstitutional. President Roosevelt has since signed the bill, which provides that all forms of money issued by the United States will become legal tender, acceptable in payment of customs dues and all other obligations to the Government. Likewise the Government, without fear of legal opposition, will be able to redeem its bonds and pay the interest thereon in any lawful money of the United States. It will make it unnecessary to redeem these obligations in gold, despite the fact that the bonds carry gold clauses. The same provisions will apply to private debts which carry gold clauses.

Renewed Speculation in U.S.A.---Increased Car Loadings

A sudden return of the public to the stock markets of the country and the increase in speculation, is reported to be worrying the Administration. Traders said that the recent market advances had not resulted entirely from speculation but were based largely on commodity prices. Carloadings in the United States have of late improved.

American Gold Mine in Korea Hard Hit by Gold Embargo

Frederic Bull, president of the Oriental Consolidated Mining Company, Inc., of Korea was in Tokyo recently, prior to proceeding to the United States, endeavoring to persuade the Japanese Government to allow his concern to ship to the United States the metal it has produced since last July when the law to prevent the export of capital went into effect. Mr. Bull pointed out that a large percentage of the salaries of his company is paid in dollars, and the differential between the open market rate to which it feels it is entitled and the Government's official rate is the margin between fair profit and a large loss.

The Oriental Consolidated Mining Company was incorporated in 1898 under the laws of West Virginia and obtained from the Emperor of Korea a concession to about 600 square miles of mountain land to the northeast of Shingishu. The original charter, which was honored by the Japanese when Korea was annexed, guaranteed that the company would never have to pay export duty on any of its products or import duty on any of its materials.

American Naval Reductions Hit Annapolis Graduates

It was announced at the Annapolis Naval Academy June 1 that only 224 commissions in the Navy had been given to graduates this year. In former days, virtually all graduates were assured of commissions in the naval forces. Diplomas were presented to 432 graduates, but 190 of them will enter civil life and will never be called to duty, except in emergencies.

China Should Be Given Back Sovereign Rights

A resolution, urging that China should be given back sovereign rights over her entire territory, was passed at Montreux, Switzerland, June 4 by the committee dealing with political and juridical matters of the International Federation of League of Nations Societies. Twenty-five countries were represented at the plenary congress.

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Chinese Now Make Own Heroin--- European "Drug Barons" Superseded

The report of Russell Pasha of the Central Narcotics Bureau of Egypt issued last March gives amazing details of the operation of "drug barons" in the Far East. Following a quarrel and subsequent information given to investigators by a Greek named Gourevides it was discovered that a certain Jean Voyatzis in Tientsin had remitted during the first seven months of 1931 the total sum of £240,000 to the account of the Eliopoulos group in Paris. Interesting details were then obtained about Voyatzis and his activities in Tientsin. While these enquiries were going on the Berlin authorities were interesting themselves in the activities of a certain Del Gracio a suspected drug trafficker of American nationality whose connection with the Eliopoulos gang was not then known.

A Huge Flood of Heroin

A code which was discovered gave a list of names of members of the gang in Europe headed by the Eliopoulos Brothers and a list of names of members of the gang in China or Japan, headed by John Voyatzis himself; also the names of various firms well known or suspected as suppliers of drugs to the illicit traffic as well as those of transport agents whose names have in the past appeared in reported cases of smuggling.

Accompanying Gourevidis via Germany and Russia to China, Eliopoulos was not long in discovering that the traffic in dope was flourishing there. Having looked the business over, he decided to go into it and after a second trip to China in November 1927 when he met Jean Voyatzis at Tientsin and drew up a business agreement with him, he returned to Paris in May 1928 and set to work. It is said that in the ensuing years he succeeded in amassing a fortune of £250,000, although Eliopoulos contests this figure as considerably exaggerated. Eliopoulos claims an intimate knowledge of the China drug market based on local study and long business connections. He says that since 1917, heroin has been flowing from Europe into China through the ports of Shanghai, Tientsin and Dairen. The popularity of the drug caused the Japanese to enter the market and with aid of chemists who were sent to Europe to study the preparation of alcaloids, to increase the output of their own factories. Henceforward large quantities of Japanese heroin were forwarded from Osaka to the above-mentioned three ports. Japanese quality was soon able to compete with European and the price of heroin went down from £100-120 per kilo in 1926 to £70 per kilo in 1928. During 1928 as much as five tons of heroin per month were flowing into China through these three ports. It was during this same year that several Japanese experts from an Osaka factory established themselves at Dairen in Manchuria, two or three kilometres from Port Arthur and set up several small factories. They imported basemorphine from Europe and converted it into heroin, 100 kilos of basemorphine produces some 135 kilos of heroin, the cost of conversion being very low. Owing to this competition, the price of heroin fell to £60 per kilo early in 1929.

First Japanese, Then Chinese Compete

In 1930 when "esters" were prohibited in Europe, there was some perturbation in China, for during 1929 and half of 1930 the amounts coming from France were not more than 400 to 600 kilos a month. But Turkey soon came along to fill the breach and at the height of the Istanbul traffic, the factories on the Bosphorus were sending to China from 1,200 to 1,500 kilos per month of heroin and base-morphine. But now again to-day there is a great scarcity of ready made stuff thanks to the tightening up everywhere of control in Europe. The local factories in China are, therefore, forced back on local Chinese opium for their raw material and have now established themselves closer to the source of supply. There are believed to be several factories in Shanghai and Tientsin and it is further believed that the Chinese chemists themselves are beginning to compete with the Japanese. There is even the probability of a reversal of the tide in the near future. Chinese local heroin can be sold at £35 per kilo, whereas the cheapest European quality costs £45½.

Seeing Into the Shanghai Spirit

BY FLORA BELLE JAN

A FORTNIGHT after I came from America, I read in the *New Statesman*, London, an article signed "J. D." concerning "Englishmen in China." This gave me my first encounter with the phrase, "Shanghai mind," describing the complacent snobbishness of the Shanghai foreigner, who is unable to understand any except his own point of view. It revealed the attitude toward China of a people whose literature has molded my life.

I then conversed mentally with an Englishman of some taste and breeding: "I am disappointed to know that you, like 90% of the foreigners in this country, are affected by the clique spirit. You spend your life between the office and club, where the Chinese are your clerks and servants, and therefore, objects of abuse. You make no attempt to understand them and you detest them because you do not understand them. You came here in your youth, counting on making a fortune and returning to England to live in comfort. After thirty years you have not amassed prodigious wealth. But you are trapped here indefinitely. You despise the country and vent your hatred on the people as an outlet for your embittered hopes.

"Is it possible that you claim the country which produced Charles Dickens, Thomas Hardy, and John Galsworthy? Have they not reared you in a world of varied milieu? If cosmopolitanism belongs to civilized man, you are a barbarian."

My sermon ended, the Englishman made no reply, and no motion, save lighting his pipe.

Ten months have passed since I glimpsed this picture of Kipling's kin—ten nerve-hardening months during which I saw life in a Chinese courtyard, heard the chatter of tai-tais, taught in a Chinese university, and dined every noon with Chinese professors.

I was, to be sure, a tenderfoot from America, but I had not, like Alice in Wonderland, fallen upon China with naive surprise. In my childhood I had heard things, in the movies I had seen things, and later I had read and thought a great deal more. So I was not an idealist, seeking a model commonwealth, but a realist, on the alert for catastrophe, so that the shock would not be too great.

The Chinese Sensitiveness

The first thing I began to understand during these months was the extreme sensitiveness of every educated Chinese regarding his country. I noticed this years ago when Oriental movie-goers of London, New York, San Francisco, and Shanghai protested the showing of "Welcome Danger," the Harold Lloyd comedy which used the Chinatown of Los Angeles as a background. The last time I noticed it was last July, on board the *Empress of Canada*, docked at the Shanghai pier. In the company of thirty Chinese returned students I was watching a group of beggars on shore, performing jugglers' tricks and acrobatic stunts in the hope of being showered with cash. A sudden realization that I was looking for the first time upon the land of my origin made me say to a Chinese doctor who was back from his second trip to America, "So this is your country!" He flushed like a carrot, lifted his eyebrows, and gasped, "This is *my* country? Is it not yours, too? I am surprised!" He turned to look once more at the beggars, pocketed a coin he was going to throw them, and walked away. I wondered how a traveled man like him could be so lacking in imagination.

The reason for this fear of criticism is that there are a million things in China for a thinking Chinese to be sensitive about. I leave such subjects as slave traffic, opium, and corrupt politics in the government and in the schools to special investigators and confine my discussion to the mere personal habits and characteristics which make one people agreeable or intolerable to another.

The author of "Englishmen in China" described the Chinese section of Shanghai as a nebulous monstrosity. Parts of this inland city where I am now living are monstrosities too clear for vague description. Not counting the filth of the place and the people, the odors alone are reason enough for severing Oriental diplomatic relations. If the League of Nations were to consider abolishing the foreign concessions, the British delegate might argue, with complete sincerity, "We cannot, gentlemen, because of the incompatibility of the Sino-Anglo olfactories."

The British are said to detest the Chinese because they do not understand them. I have often wondered if there is a chemistry in human attractions. If not, why does a man select one individual among a hundred acquaintances, all equally bred, for his inseparable companion? If not, why does a desirable girl offer a roue a lifetime of sacrifice and devotion? Besides the traditional aloofness of the English and the passive isolation of the Chinese, perhaps there is a lack of chemical affinity between the two races which makes them forever incapable of synthesis. But I fear I am getting into deep water. There is a barrier to understanding between the Chinese and all foreigners which is ubiquitous and obvious. It is the deplorable personal habits of the Chinese.

This statement will erupt a volcano of national fury but let it erupt. The practice that I cite may not prevail everywhere in China but is observed among Chinese of al, classes in this northern city. The end of an American or European meal is reached with the serving of the demitasse. There is no disturbing noise of any kind. The end of a Chinese meal is proclaimed by loud clearing of throats, indiscriminate spitting, and squirting of mouth rinse into cuspidors. Spitting is not surprising among coolies, but the hallways of this province's highest educational institution are soiled by deposits of students' mucus. The man who inspired this article is a professor who makes the dining room sound like a sanatarium for tuberculars.

There are Chinese who object to this spitting mania. One German returned student provides a room in his courtyard for Chinese guests who may spit and throw watermelon seed shells on the floor. If a Chinese pencils a line between himself and certain of his countrymen, is it strange that the line of the foreigner is engraved in purple?

I heard in childhood that some Chinese receive two baths in their life, one at birth and the other before their death. I never quite believed this until I dealt with amahs and coolies. Among the middle and upper classes here, it is probable that nine-tenths of them have never felt the refreshing abandon of reclining in a tub of fragrant warm water. I once invited a satin-covered tai-tai to my dinner table, and looked anxiously underneath for a dead rat.

A certain American soap company should advertise in China their cure for "b. o." and the Shanghai movies should show luxurious tiled bathrooms equipped like a beauty salon. Such glorified propaganda would be a national boon.

The Englishman thinks it absurd for two Chinese to argue about trivial matters at the pitch of their voices. I, a Chinese, think it not only absurd but criminal and wasteful of human energy. For ten months I have been awakened nearly every morning at five by the strident voice of an old lady in our courtyard bargaining with food peddlers. She alone was garrulous enough, but her two amahs had equal lung power. If entered in a talking marathon, either would exhaust all other contestants.

Since civilization is advancement in social culture, I seriously fear that the Shanghai spirit grew out of the foreigner's impression that the Chinese have not reached his Chesterfieldian plane. If they had, chopsticks and common serving bowls would be historic relics and indiscriminate spitting a crime. Before crying out against foreign snobbishness the Chinese must examine coolly the westerner's index of their faults.

Kaifeng, May 23, 1933.

Soviet Oil Distributors Protest Against Municipal Council's Ruling

The Kwang Wha Petroleum Company, Limited, a Chinese owned and managed organization which markets Soviet gasoline and other oil products, recently made application to the Shanghai Municipal Council for a permit to install pumps and tanks beneath municipal sidewalks in various parts of the Settlement, but the Council refused the application on the ground that any further installations would be prejudicial to public safety.

Dr. Wilhelm, counsel for the Kwang Wha Company, in a recent letter to the Council said his clients "consider that the restriction placed within the certain radius and especially on roads beyond such radius creates a practical monopoly for certain oil companies," excluding Kwang Wha and "denying its equal rights to which they are entitled as ratepayers." Dr. Wilhelm states that his instructions are to take the matter before the Court of Consuls unless the Council sees its way to enter into negotiations for a mitigation of the present restrictions.

65-082

J. P. Morgan Had Firm Grip on His Partners

Ex-President Hoover's name was mentioned by Senator Costigan from Colorado in the J. P. Morgan investigation in the U. S. Senate May 31 after Mr. Pecora had shown the records of further deals in stock of the United Corporation. The Morgan bank made a profit of more than $7,000,000 on the United Corporation stock alone, said Mr. Pecora, who submitted the bank's records in proof of his statement. He said that, in one of the deals, the Morgan company sold the stock at 75 to a preferred list of bank clients, when the stock was selling on the market at 99. Among those who profited in this way were Mr. Rickard, who was assistant to Mr. Hoover when he was United States Food Administrator. Mr. Rickard worked with Mr. Hoover both in the United States and Belgium and was purchasing agent for the relief expedition in Russia.

Mr. Rickard and Ex-President Hoover both issued denials that the latter had any connection with the aforementioned deals.

During the sitting on June 1 John Hackett, former special deputy police commissioner of New York City, intimated that Mr. Pecora, counsel for the committee, had not acted properly in handling the "Dot" King murder case in 1923. Mr. Pecora defied his accuser to go "to the bottom" of said case.

Publicity was given to a secret partnership agreement of the Morgan Company drawn up March 16, 1931, which provided, among other things, that in the event of a dispute between the partners, the decision of the present J. P. Morgan should be final, that Mr. Morgan may compel any partner to withdraw forthwith and he himself fix the amount due to the partner concerned, and that no transaction can be made to which any partner objects.

Additional details of the agreement published later showed that some junior partners received "straight" salaries of $100,000 annually. According to members of the SenateBanking Committee, which is conducting the enquiry into the affairs of the Morgan Company, profits were divided according to seniority, investments and the partner's importance, running from about 24 per cent for Mr. Morgan to one per cent for newer partners.

John Davis, Mr. Morgan's counsel, elicited the fact that the partners in Morgan & Company had paid over $40,000,000 in income tax from 1917 to 1929 inclusive. The names of various European potentates were mentioned at recent hearings, but there was no evidence to show that any of them had been among those let in "on the ground floor" by the house of Morgan.

New Indictment Against J. W. Harriman

The Federal Grand Jury at New York, June 2 returned a new indictment against J. W. Harriman, former president of the Harriman National Bank and Trust Company, charging him with falsification of the bank's accounts. The amount alleged to be involved in false entries was said to be $1,661,000.

House of Commons and U. S. Senate Discuss Britain's War Debts

Replying to a question in the House of Commons June 1 concerning the intentions of the British Government in regard to the war debt instalment due from Great Britain to the United States in June, Neville Chamberlain, said that it was undesirable to make any statement at present.

The question of war debts was discussed in the U.S. Senate on the same date. Senator Tydings from Maryland proposed a lump-sum payment. He said he would welcome any genius who would show how Great Britain, with only $750,000,000 worth of gold, could pay $4,000,000,000 when the United States would not accept goods.

Neville Chamberlain Advocates Gold Standard

Neville Chamberlain, chancellor of the Exchequer, declared in the House of Commons June 2 that the gold standard was the only standard familiar to everybody which would inspire confidence provided certain conditions were observed. He did not suggest that Britain should revert to gold at any particular time, as before Britain could revert to any parity with a gold standard she must be satisfied that practical means would be taken to ensure that the gold standard would not be subjected to those defects which recently brought it to the ground.

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France Disturbed by Soviet Sale of C. E. R. to Manchukuo

BY KAYE WYE

(European Correspondent of the Chekiai Agency)

HERRIOT'S visit to the White House, the forthcoming World Economic Conference in London, and the unending Disarmament Conference in Geneva have been attracting all the attention of the French press and people. The Far Eastern conflict over Manchuria, since the publication of the Assembly Report which gives a sort of final touch to the arduous work at Geneva that has lasted for more than a year, has been gradually receding to a position of obscurity.

However, a possible Russo-Japanese conflict has brought the matter once more to the fore-front of international politics. France is greatly disturbed over the proposed sale of the Chinese Eastern Railway in which she has financial interests. In acquiescing in Japan's aggressive policy in Manchuria France had not anticipated that the Japanese bull in the China shop would destroy all that was in its path, irrespective of trade marks.

The anxiety that has been caused in French official circles by the proposed disposal of the Chinese Eastern Railway is clearly indicated by an editorial article in *The Temps* of May 10, recognized as the spokesman of the French Government. After having stated that the Chinese Eastern Railway question involves international interests, especially French interests, it goes on to say:

"To this situation, either from the political or from the financial standpoint, the Governments whose nationals have interests in the enterprise can no longer remain indifferent."

The Financial Question

On the financial question, *The Temps* asked:

"In what measure in the case of the purchase of the railway should Manchukuo take over the obligations which were China's, so far as the foreign interests are concerned, as stipulated by the Resolutions of the Washington Conference?"

This, of course, is obviously an impertinent question. The so-called Manchukuo can never legally succeed to either the rights or the obligations of China in view of the unanimous Report of the Assembly adopted on February 24, 1933. All the members of the League of Nations as well as the United States of America are committed to a policy of non-recognition. The proper course for France is not to think about how to arrive at a financial settlement with whomsoever that is likely to hand out cash or a promise to pay but on the contrary, to warn both Russia and Japan that no sale of the Chinese Eastern Railway to a non-recognized puppet state would be regarded as valid and to support with the most effective means the methods that are now under discussion by the Advisory Committee in Geneva for executing the non-recognition recommendation.

In this as well as in other financial and commercial respects, the Far Eastern trading countries ought to realize now more than ever that to back China is to back a good open-minded and generous customer while to acquiesce in any way in the aggressions of Japan is to assist the consolidation of the position of a ruthless competitor.

The expulsion by Japan, through the so-called Manchukuo, of E. Lenox Simpson, Editor of the *Harbin Times* and Correspondent of the *London Daily Herald*, the labor paper, is one of the unmistakable signs of Japan's determination to close the "Open Door." The reported consent of the British Consul-General to sign the deportation order betrays the readiness of foreign officials or merchants to bow to force. It is freely suggested that it must be a part of the campaign to "Japanize" the Chinese Eastern Railway by expelling all so-called hostile elements.

The part of the leading article *of The Temps* dealing with the political aspect is the first indication that people here are beginning to realize the consequences of the events which have been allowed to develop in the Far East. It reads:

"From the political standpoint, the purchase of the Chinese Eastern Railway, either directly by Japan, or by Manchukuo, would have considerable results. It would mean complete Japanese control over regions where Russian influence had been hitherto all-important. An inevitable result would be that the communications controlled by Russia herself between the Soviet Union and Vladivostok would be cut. It could be foreseen in the near future that the Japanese would settle down in this port, which the Russians would have difficulty in defending, and would also occupy the whole Maritime Province. It is possible that this would be the starting point of a Russo-Japanese conflict. It is plain that the Soviets wish to avoid such a war, because they would hardly be in a position to carry it on at such a distance from their bases; and, a war with a foreign power would mean for them the danger of a collapse of the communist regime. But even if they gave up their rights and interests in the Chinese Eastern Railway in exchange for a large sum (it is said to be 30 million pounds sterling—which the Japanese do not appear disposed to pay for a railway that Manchukuo already controls in fact), that might not safeguard for long the position of the Russians in the Far East, where Japan is methodically pursuing and carrying out a wide policy of expansion aided and abetted by present international conditions.

While Europe is in the throes of an internal struggle and is coping with inextricable difficulties, and America is wearing out her resources and energy in an unprecedented financial and economic crisis, events are taking place in the Far East that are more important than anything that has happened since the end of the Great War. We shall realise this only when we are confronted with accomplished facts. The final retreat of Russia towards the Siberian plains and the Japanese advance on the Asiatic Continent, having as their objective the creation of a new Manchu Empire which would extend from Vladivostok to Outer Mongolia, and from Manchuria to Peiping, are possibilities which would alter the political face of the globe and have profound effects on the development of civilisation."

What effect the change of the Far Eastern map will have on Europe is a question that has just begun to worry the European mind.

Geneva, May 13, 1933.

League Telegraph and Telephone Experts Coming to China

The Chinese Government has appointed, on the recommendation of the Secretary-General, an expert in Civil Service administration and organization, namely R. Somervell, formerly an official of the British Ministry of Labor, and an expert in telegraph and telephone administration, M. Lange, former head of the Frankfurt telephone service. Mr. Somervell and M. Lange are already on their way to China. A further expert in civil service administration has also been recommended and steps are being taken to comply with the Government's request that a postal savings bank expert should be recommended.

Japanese Fear United States May Put Duty on Raw Silk

Yokohama silk traders, according to a recent *Rengo* report, are perturbed over the possibility that the United States may put a tariff on Japanese raw silk. The news was a shock to the traders, for America is the principal market for Japanese silk. The report is supposed to have come from the decision of the American Government to revise its tariffs for farm relief. Of Japan's total export of raw silk last year amounting to 546,000 bales, worth Yen 382,366,000, America took 512,999 bales, worth Yen 360,148,000, or 93 per cent.

Shanghai Piano Manufacturers Have a Bad Year

It was disclosed at the annual meeting of S. Moutris & Co., Ltd., Shanghai piano manufacturers, that the lose for last year was $34,418.03. The Hongkong branch, the Chairman said, for the first time in the company's history made a loss of $21,525.79 owing to the depressed business conditions encountered during the year. During the year the Company closed its Peking and Kuala Lumpur branches, and thereby a further loss of $22,402 in connection with them this year will not occur again, the Chairman added.

The C.E.R. Becomes the "North Manchuria" Railway

The Chinese Eastern Railway was renamed the "North Manchuria Railway" on June 1, according to the Minister of Communications at Changchun. It is pointed out in this connection that the old name was a misnomer, as the railway was neither Chinese nor, in its relation to China, "eastern." The change of name is significant in that it indicates that the Soviets have already now lost control of the line.

Soviets Back Down—Japan to Act as "Mediator"

Recent developments in the Chinese Eastern Railway embroglio show that the Soviets are willing to concede most anything in order to avoid a major clash with the Japanese military authorities. M. Sokolnikov, on behalf of the Russian Government replied on June 3 to an offer from Japan to mediate and to bring about negotiations between the Soviet and the Manchukuo Government, concerning the sale of the Chinese Eastern Railway. The Soviet accepted the offer and also the proposal that Japan should initiate negotiations in Tokyo, starting June 25.

The offer which the Soviets accepted was made May 29 by Mr. Ota, the Japanese Ambassador in Moscow. Mr. Ota said that despite the fact that the C.E.R.'s economic importance had been lately very much reduced, the Japanese Government took into consideration the ease with which the Railway had become a source of friction between Japan and Manchukuo, on the one hand, and the U.S.S.R., on the other, and, therefore, recognized the advisability of fundamentally regulating the problem from the point of view of the cause of peace in the Far East. The Japanese Government, he said, was ready to act as "mediator."

Japan "Not Responsible" for What Manchukuo Does

A Japanese disclaimer for the actions of the Manchukuo Government and a Soviet retort that this was merely "a formal pretext" were the main features of a previous exchange of notes between the two Governments in regard to the Chinese Eastern Railway dispute. The Japanese Note, in reply to a Soviet demand that the Japanese Government should take effective measures to protect the interests of the Soviet in regard to the railway, points out that many of the alleged infringements of those interests mentioned by the Soviet are exclusively within the province of the Manchukuo Government and Japan could not accept responsibility for the actions of Japanese officials and advisers acting under the orders of that Government.

Manchukuo Cuts C.E.R. Line at Suifenho

The Manchukuo authorities May 31 blocked the Chinese Eastern Railway line at Suifenho, where the railway crosses Manchuria from Manchuli and re-enters Soviet territory, thus closing the short route to Vladivostock. The closing of the line means that those travelling to Vladivostock will have to make a longer journey through Trans-Baikalia and Amur province instead of taking the short route across Manchuria.

M. Kouznetzoff visited Li Shao-ken, of the Manchukuo Foreign Ministry, June 3, and verbally protested against the stoppage of through traffic at Suifenho, which he said was a violation of the 1925 agreement between the Chinese Eastern Railway and the Ussuri railway. Mr. Li categorcially refused to restore communications.

Li Shao-keng, chairman of the Board of Directors of the C.E.R., on May 29 presented three proposals of the Manchukuo Communications Department to Mr. Kuznetzoff, Vice Chairman of the Board, as follows:—Payment of fares and freight charges in Manchukuo currency: equal powers for general manager and assistant general manager of the railway; equal division of powers of Manchukuo and Soviet officials on the Board of Directors, the management office and other important departments.

"No Need to Hurry About Buying"—A Veiled Threat

A recent announcement was made at Changchun that, although the Manchukuo Government in principle is not opposed to purchasing the Chinese Eastern Railway if the terms offered by the Soviets are acceptable, official circles feel that there is no necessity to be in a hurry to gain control of the line.

Rengo quotes a "certain high official" as saying:—"The settlement depends upon the sincerity of the Soviet Government; in other words, upon the question whether the terms which it offers are just and acceptable to Manchukuo. In any event regardless of the success of these negotiations, Manchukuo will have to take such measures which it deems the present emergency requires."

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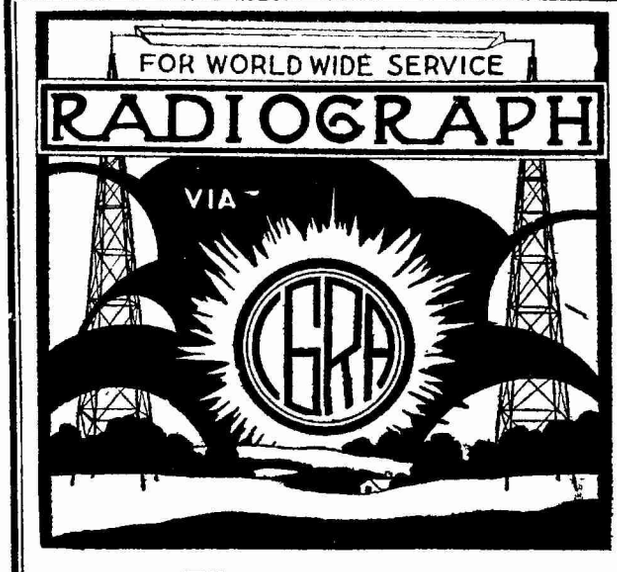

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C. E. R. Matter Not of Importance to China Any More

The *China Times* comments:—"China to-day has no time to discuss the merits or demerits of Soviet Russia in her present action to sell the Railway. What we should concentrate our attention on is how to rebuild China's prestige. Had China been a strong Power all such incidents would not have occurred. Therefore, it is wrong for the Chinese people to discuss the attitude of the Powers towards the Far Eastern crisis. We should not blame the Powers for failing to uphold justice in the Far East, because it is not their business to do so. Besides there is no such thing as justice in international relations. So instead of criticising Soviet Russia, we must think how to help ourselves."

All Former Vladivostok Trade Is Now Diverted to Dairen

According to investigations recently released by the South Manchuria Railway Co., during 1932 Vladivostok received 16 per cent of the Harbin foreign traffic while Dairen received 84 per cent. Practically the whole of the 16 per cent for Vladivostok is being diverted to Dairen at present, on account of the difficulties over the Chinese Eastern Railway.

Waterworks Monopoly Being Established in Manchuria

Another huge joint Manchukuo-Japanese monopoly is reported to be well on its way towards realization. The South Manchuria Railway Company is sponsoring the formation of a new company capitalized at 20,000,000 yen to unify all water works in Manchuria.

Manchukuo to Proclaim New Tariff During July

It is announced from Changchun that the Tariff Revision Committee will meet shortly to approve the draft of the revised tariff which has been completed. It is regarded that the new tariff will become effective sometime during July. Duties on necessities such as knitted goods, towels, soap, sugar, canned goods, tea, liquors, beverages, tooth paste and tooth powder, fans, earthenware, fish, both dried and fresh, and on agricultural and mining equipment, and building and industrial materials will be lowered.

Manchuria Telegraph and Telephone Co.

Out of the total capital of Yen 50,000,000, of the proposed Manchuria Telegraph and Telephone Co., Ltd., a Japan-Manchukuo joint enterprise, 330,000 shares or Yen 16,500,000 is the investment by the Japanese Government and 200,000 shares or Yen 6,000,000 by the Manchukuo Government. The balance, 550,000 shares, is to be subscribed by the South Manchuria Railway and various Japanese Banks.

Eight New Gunboats for Manchukuo Coast Guard

Eight small gunboats recently launched at the Kawasaki Shipbuilding Yard in Japan will be added to the Manchukuo coastguard shortly. At present, the Manchukuo coastguard has five gunboats of between 50 and 200 tons and 12 Chinese junks. The newly-launched gunboats are equipped with two guns, radio and other modern equipment. They will use Newchwang as a base.

The Soviet buying organisation. *Hlebexport*, has withdrawn its agents from up-country districts and has stopped all purchases of cereals in Manchuria.

A total of $3,000,000 will be spent to improve the city of Mukden, a recent message from that city stated.

About 600 opium retail dealers are to be licensed throughout Manchukuo, it was announced at Dairen, May 30. Of these 300 will be located in the province of Fengtien and about 50 in Mukden.

Marquis Li's Appeal Fails, Sentence Increased

The appeal of Marquis Li Kuo-chi, former general manager of the China Merchants S.N. Co., failed in the Soochow High Court, which in a decision rendered June 5 increased the prison term by six months, making it 3½ years. The charge against him was bribery and having wilfully caused damages to the company by signing the "unfavorable" Tls. 30,000,000 loan agreements with the China Realty Co.

Marquis Li, having appealed, the case now goes before the Supreme Court. He was returned to the Nantao Municipal Hospital under surveillance where he has been since his arrest last year. He is still in poor health.

Viscount Ishii Declares Japan Is "Standard Bearer of Civilization"

Viscount Ishii and members of the Japanese delegation visited Boston June 1 in response to an invitation from Cameron Forbes, former United States Ambassador to Japan. Viscount Ishii told newspapermen enroute that the signing of the Tangku armistice between the Chinese and Japanese military marked the end of the war and the first real decisive step toward peace.

Speaking at the Japan Club in Boston, Viscount Ishii said that Japan "has been, and still is, the standard bearer of Western civilization in the Orient." He added that he believed it was Japan's duty to defend certain ideas and institutions against the tide of chaos and disruption, and declared that the peace of the Pacific would never be disturbed.

"Aggressor" Is a "Terrible" Word, Says Viscount Ishii

"Aggressor" was the main topic of a conversation which was held in the Chinese Room of the Mayflower Hotel in Washington May 28 between Viscount Kikujiro Ishii, Japanese envoy to the Washington pourparlers, and members of the press.

A member of the press having said, "'Aggressor' means people who dispatch armed forces to alien soil in violation of treaties," Viscount Ishii replied, "I have learned enough not to give a definition of that terrible word. My experience at the Council of the League was that 14 or 15 learned jurists discussed the term 'aggression' for several weeks and in the end arrived at no determination. In Geneva, the definitions are always 'yes and no.' The defining of any term is extremely difficult."

Among other things Mr. Ishii said: "Japan has been invited by America with great friendliness. For the realization of the peace of the world, Japan has been invited with courtesy. However . . . the reasons for which we have been 'invited' to Peiping and Tientsin area are the anti-Japanese sentiment of China and the irregular boycott. Thus, we have been entertained under a Chinese roof so far . . . . Of course, when the situation is settled, Japan will withdraw her forces."

Viscount Ishii classed the Chinese boycott as the foremost trade obstacle, and said that he had an idea how to overcome it. He saw the boycott as a threat to the entire world, and added that if his idea was sufficiently developed he would propose it at the Economic Conference.

Kyoto University Dispute Increases in Intensity

While optimism was expressed in educational circles on the result of the joint conference of the Law Department of the Kyoto Imperial University and the Board of Trustees, following the negotiations with the Education Ministry of representatives of the University regarding steps to be taken to tide over the present dispute involving the whole Kyoto University with the Education Office over the forced retirement of Probessor Takikawa on the charge of his publication of a book on criminal law. the faculty of the Law School is firmly determined to oppose the Education Ministry for their drastic measure, and which, as already reported, led to the resignation en bloc of the faculty of the Law School.

Professor Miyamoto, Dean of the Law School, in his address at the emergency meeting of almunus held June 5, firmly expressed his determination to fight the case with the Education Ministry.

More than two thousand students belonging to the law and literature departments of the Kyoto University met under the auspice of the Students' Alpine Society May 31 and unanimously carried a resolution to effect their wholesale withdrawal from the University, should the Ministry of Education not cancel the dismissal of Prof Takikawa.

Japanese Say Nanking Is Fomenting Revolution in Siam

Recent Japanese telegrams alleged that in Siam, as a protest against harsh treatment by the Siamese Government and also resentful because of the Siamese friendly attitude towards Japan, the Nanking Government is trying to instigate two million Chinese in Siam, through the officials of the Overseas Kuomintang and Overseas Commission, to engage in a revolution in said country.

The report from Tokyo that the Nanking Government was trying to instigate 2,000,000 Chinese in Siam to start a revolution to overthrow the present Siamese Government was characterised by the Chinese Foreign Office as "most absurd."

65-086

Japanese Procurators Want More Time to Secure Confessions

At the recent Conference of high judicial officials in Japan the Department of Justice submitted for consideration the modes or procedure of the trial of "thought" offenders. The Procurator's Office of the Tokyo Chiho Saibansho suggested, among other things, that procurators and judicial police officials should be given the right to detain suspects for an indefinite period, as it is usually very difficult to get at the truth of such underground movements, nor it is easy to get the accused to confess their guilt, with the result that examination cannot be finished in a short time.

Police Also to Watch Right Extremists

In the opinion of the Police authorities, the present Criminal Law and the Ordinance for the Control of Acts of Violence are inadequate. In pursuance of the decision reached at the recent Conference, the Police Bureau of the Home Office will shortly set about the drafting of a new law whereby even acts preparatory to crimes, and the supply of funds to Right organisations which are on mischief bent, will be punished.

Following the Nazis' example, Junkichi Fujioka, proprietor of the Kyoseikaku, of Tokyo, a firm noted for the publication of "pink" books, has announced that he will burn all books dealing with communist ideas—his stock amounts to over 10,000—in Hibiya Park.

Yuzo Yamamoto, one of the foremost novelists of Tokyo, was summoned to the Mitaka police June 3. He is now under detention.

Kure Communist Affair Results in 27 Being Indicted

The arrest of the persons involved in the Hiroshima and Kure Communist case which cropped up in March last year totalled 304, according to the official report in Tokyo, May 22. Suspecting communist activity among workers of the Kure naval yard, the police started their round-up of Communists in Hiroshima on March 5. Of the 304 persons arrested during the subsequent four months 27 have been formally indicted at the Hiroshima District Court.

Korean Sailors Sent Up for Trial for Alleged Propaganda Activities

Forty-eight Korean sailors, the crew of steamers plying between Seishin, Korea, and Vladivostok who have been examined by the Kampoku police on a charge of being involved in Communist activity, were all sent to the Seishin prison May 22. They are alleged to have plotted propaganda within the Korean Seaman's Association of Fuzan, an organisation comprising 1,000 members.

Seven Japanese Disappear in the Maritime Province

When the *Kamishima Maru* arrived at Otaru recently from Petropavlosk, Maritime Province, the captain reported that seven Japanese residents, running barbers' and laundry shops there, had disappeared. There was a rumor that, suspected as spies, they were all shot by the O.G.P.U. Consul Ogata is expected to proceed to Petropavlosk to investigate the matter.

Seiyukai Leader Favors One-Party Government

"The political tendency in Japan, as in all other countries of the world, is fast tending to one party monocracy and unless this form of government is introduced, Japan will not be able to cope with the national emergency vigorously and adequately," was the opinion expressed by Fusanosuke Kuhara, an influential leader of the Seiyukai, in commenting on the political situation upon his return from a trip to Kwansei district June 4.

While much political speculation is being entertained in Japan as to the future attitude of the Seiyukai towards the present Cabinet under Premier Saito, revolving round the possible severance of relations of the party with the Cabinet, political circles think that the Seiyukai is not likely to sever relations with the Cabinet for the present.

The internal strife in the Seiyukai, concerning the question of the party's position in regard to the Saito Ministry recently showed signs of further development. Some of the observers assert that the present internal dissention is one of the greatest troubles that the party has encountered in many years and fears are expressed that the strife, unless properly controlled, may result in a complete break up of the party.

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T. V. Soong Signs U.S.$50,000,000 Cotton and Wheat Loan in U.S.A.

The U. S. Reconstruction Finance Corporation June 4 authorized a loan of $50,000,000 to the Chinese government for the purchase of United States cotton and wheat. Four-fifths of the money is to be used for buying cotton andone-fifth for the purchase of wheat in the open markets of the United States. According to the contract, which was signed by T. V. Soong, the Chinese finance minister, the cotton and wheat bought must be shipped in American vessels, unless these are unavailable. The loan runs for three years and bears five per cent interest per annum.

In this connection, the Ministry of Finance issued the following statement at Nanking June 5:—"During his stay in Washington where he went to confer with President Franklin Roosevelt on general economic matters T. V. Soong, minister of finance, negotiated and concluded, arrangements for a loan to the Government of $50,000,000 U.S. currency from the Reconstruction Finance Corporation of the United States. This loan will be used to facilitate the purchase for import into China of American cotton and wheat (in the proporation of about four-fifths for cotton and one-fifth for wheat and flour). It is believed that this credit will be mutually advantageous both to the United States and the people of China. For China among other things, it will enable the government to extend credit facilities on the above-mentioned commodities to interior markets which, in the past several years, have been trading on a purely hand-to-mouth basis with resultant great hardships to the people."

O. M. Green and London "Times" Pay Tribute to T. V. Soong and Chiang Kai-shek

A warm tribute to T. V. Soong, Chinese Finance Minister and delegate to the World Economic Conference, and General Chiang Kai-shek was paid by O. M. Green, former editor of the North China *Daily News*, in an article headed "T. V. Soong and the New China" printed in the London *News Chronicle* June 2. Mr. Green said T. V. Soong has a marked personality and the highest repute. "You always know what he means and that he will do what he says." Mr. Green added that "no government in the world contains two abler men than General Chiang Kai-shek and Mr. Soong."

The London *Times* in an editorial June 5 also eulogized Mr. Soong. It said Soong's achievements for the past two years do not justify excessive optimism as to the prospects of the Nanking government, which has many enemies, but they do at least suggest that the policy of Mr. Soong and General Chiang Kai-shek is the most likely to restore prosperity to China.

Mr. Soong's policy is a realist's policy, the *Times* added. Its advocacy requires exceptional courage so soon after a successful revolution, and the fact that its champion will meet Ramsay MacDonald and other members of the British Cabinet inspires the hope that they will take advantage of his presence to discuss Anglo-Chinese relations in a spirit of friendly collaboration.

When T. V. Soong arrived at Cherbourg, France, on the liner *Europa* June 5, he was met by Ambassador W. W. Yen and Minister Wellington Koo, both of whom accompanied him to London. Mr. Soong, and party arrived in London on the same date. Quo Tai-chi, the Chinese Minister to Great Britain, the Chinese Consul-General in London and the First Secretary of the Chinese Legation met Mr. Soong at Southampton. The first person to greet Mr. Soong when he alighted from the train in London was a Foreign Office representative on behalf of Sir John Simon, the Foreign Secretary.

American Airman Breaks Record on Round-the-World Tour

"Jimmy" Mattern, the American airman who is making a solo effort to beat the record for a round-the-world flight, landed at Omsk, in West Siberia, on a direct flight from Moscow June 6. Mattern, who started from Newfoundland, has already broken several records. He is ahead of the Post-Gatty time, has beaten the distance for a solo non-stop flight (formerly held by Colonel Lindbergh) and has improved on Lindbergh's time by two hours. He proceeded by way of Irkutsk.

Gen. Ma Chan-san and Gen. Su Ping-wen Return to China

General Ma Chan-san and General Su Ping-wen, who achieved fame in their prolonged resistance against the Japanese forces, arrived back in Shanghai June 5 on an Italian steamer, after a compulsory sojourn in Russia and in other European countries. They were enthusiastically welcomed by representatives of the local government and public bodies when the ship anchored off the wharf at Pootung late at night. Mayor Wu Teh-chen headed the welcomers in a special launch.

General Ma gained fame with his stubborn resistance of the Japanese advance on Tsitsihar and the Nonni River in the winter of 1931-32. He later joined Manchukuo as minister of war but left and declared he had only entered the government to find information that would better assist his anti-Japanese campaign. He then participated in resistance against Japan in North Manchuria, later joining with Su Ping-wen in the Kingan area until both were driven into Russia.

General Su, former commander of the C. E. R. guards along the Manchuli section of the road, refused allegiance to the Japanese last winter but after a period of resistance retired into Russia with General Ma. Both then went to Europe.

General Ma and Su proceeded to Nanking June 6 where they received a vociferous welcome. The Chinese newspapers generally pay high tribute to them.

Admiral Taylor Receives Hearty Welcome in Japan

Admiral M. M. Taylor, Commander-in-Chief of the United States Asiatic Fleet, arrived in Yokohama June 2 from Shanghai aboard the cruiser *Houston*, his flagship, and was met by representatives of the Navy and leading officials.

Admiral Taylor, accompanied by staff officers, proceeded to Tokyo on a round of courtesy calls at the Navy Office, and residences of the Princes of the blood including that of Prince Takamatsu.

Among those who greeted Admiral Taylor at Yokohama was the widow of Lt.-Colonel Yoshio Inouye, formerly Japanese military attache to the Legation in Argentine, who was drowned off the coast of Virginia on November 12, 1928, when the British steamer aboard which the Japanese officer and his wife were travelling to Argentine foundered. She was rescued by the U. S. S. *Wyoming*, of which Admiral Taylor was at that time in command.

American-Educated Moro Princess Makes Demand on Great Britain

Princess Tarhata Kiram, of Sulu, who was educated at the University of Illinois, where she had been a member of a national sorority and a leader in class activities, but who returned to Sulu in 1926 and entered the harem of Datu Tahil, a Moro chief, as his fifth wife, recently demanded that the British government relinquish certain unidentified islands in the southern Philippine Archipelago. In 1927 she sprang into prominence when she joined her husband in a rebellion against the Philippine government.

Recently it was reported that the aged Sultan of Sulu planned to go to London to demand a settlement from the British government of his once vast holdings in what is now British North Borneo.

Shanghai Red Swastika Society Burial Corps Will Proceed to Anhuei

The Shanghai Red Swastika Society has received a report from the various public organizations at Hoshan in Anhuei reporting that there are still 18,000 dead bodies left unburied as a result of the recent massacre by the Communists in that region. According to the report, most of the dead were beheaded and some were brutally mutilated. As a temporary measure, the local authorities have buried the eighteen thousand dead in one hundred and thirty holes and covered them with mud and sand. The Shanghai Swastika Society is now organizing a burial corps on a large scale. It will leave for Hoshan shortly to rebury the dead.

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Ministry of Industry Convenes Mining Conference

A mining conference, convened by the Ministry of Industry, was opened in Nanking, June 2.

Minister Chen Kung-po in welcoming the delegates, dwelt on the object of the conference. He alluded to the dumping of foreign coal in the Chinese market and the lack of transporation facilities which contributed to the depression among Chinese mining companies. He reported on his negotiations with the Peiping-Liaoning Railway Administration and northern bankers in connection with his scheme of relief. The conference passed the proposal of the Ministry for the repair of old rolling-stock to be used exclusively for coal transportation. It is estimated that a sum of $2 million will be required for repairs. This sum will be borrowed from banking circles and repaid out of the proceeds derived from the transportation of coal.

Other proposals included an increase of the import duty on foreign coal and the reduction of freight charges on the Chinese Government railways.

The holding of this conference was probably motivated to a considerable extent by the situation developing at the Kailan Mines, where the Japanese military authorities are doing everything possible to make this British-managed enterprise unprofitable, the tactics employed being similar to those used by the Japanese against the C.E.R.

Indian Resists Arrest Under British Warrant, Shoots French Policeman

An Indian wanted on a British Court warrant made his escape outside the Crystal Palace theatre, French Concession, on the night of June 4 after wounding Detective J. Toporkoff of the French Police. The party managed to arrest the second man they were after, Tata Singh, wanted for assisting in the escape of Chanan Singh from the S.M.P. three years ago. A third Indian who managed to mix himself up in the affair was also arrested by the detectives. Fouja Singh, of the Shanghai Municipal Police, was arrested by error by the French Police in the confusion which ensued after the shooting, but was released as soon as explanations could be made.

British in Indian Civil Service Are Apprehensive

The apprehension held by many members of the Indian Civil Service with regard to the Government's proposals concerning India was expressed in London, June 3 in a memorandum of evidence submitted by the India Civil Service to the parliamentary joint committee, which is examining the proposals. The memorandum emphasized the anxiety of the services to have their existing rights and pay and pensions protected. It said that in view of the hostile declaration of the Indian Congress the possibility of a policy of repudiation such as that adopted by the Irish Free State cannot be ignored.

Association for Economic and Social Improvement Holds Annual Meeting

The annual meeting of the Association for Economic and Social Advancement was held at 20 Museum Road, Shanghai, May 28, when a report was made on the establishment of a handicraft factory for war refugees on Robinson Road, which has successfully given training to nearly 80 homeless workers.

Since last August, the Association has published a semi-monthly magazine of its own, entitled *Min Sen* with the special purpose of advocating national economic reconstruction and the betterment of the condition of life of the Chinese people.

During recent months the Association has given considerable attention to the establishment of a cafeteria restaurant for the factory workers of Shanghai.

Among the resolutions adopted by the meeting were: The establishment of a printing plant; continuation of the movement for dress reform; the carrying out of the project of a people's restaurant; and the undertaking of a rural experiment.

A manifesto unanimously adopted by the meeting called upon the Chinese nation to work for economic and social advancement as the surest way of enabling China to overcome her national crisis.

Dr. T. H. Lee presided at the annual meeting of the Association, of which Col. M. Thomas Tchou is honorary general secretary.

Independent Medical Tests Prove

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After half a century of continuous success in health troubles resulting from blood improverishment (anaemia) it hardly seems necessary to provide further evidence of the efficacy of Dr. Williams' Pink Pills. But it will be of interest to people who suffer from anaemia to learn of the remarkable findings of a medical practitioner who has just completed a group test in order to discover the exact effect of this proprietary formula on the haemoglobin content of the blood and also upon the blood count (number of red corpuscles).

Preliminary blood examinations were made of twelve cases. Eleven were definite anaemia cases, one was a healthy person. After all had been treated with Dr. Williams' Pink Pills for four weeks blood tests were again taken. The examinations were all conducted in accordance with the accepted modern medical practices, percentage of haemoglobin content and blood count taken exactly.

Out of the twelve cases ten showed a surprising improvement. The normal cases remained unchanged. The other case where no improvement was revealed was discovered to have dead teeth which were poisoning the blood stream.

The medical practitioner conducting the tests stated that the improvements in the blood were so remarkable that he would have been sceptical had he not made the examinations himself.

These results prove beyond doubt that Dr. Williams' Pink Pills are as near as is humanly possible to obtain

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WOMEN'S ALIMENTS & THE AFTER EFFECTS OF DEBILITATING ILLNESSES.

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Who's Who in China

General Yang Chieh, College President; born at Tali, Yunnan, 1888; graduate of Japanese Military College, specializing in artillery, 1924; participated in the First Revolution in 1911, serving as a battalion commander in the Revolutionary Army in Shanghai; Commander of Ist Regiment of Cavalry of Kweichow Army with rank of Colonel, 1912; Commander of 10th Regiment of Infantry of Kweichow Army, 1913 and in September of the same year, promoted Commander of Fifth Brigade of the Kweichow Provincial Army and concurrently Garrison Commander of Chungking, Szechuen and later Commissioner of Civil Affairs of Szechuen and Commissioner of Constabulary of Chungking with the rank of Brigadier-General, 1913; instructor at the Yunnan Military School 1914; participated in the punitive campaign against Yuan Shih-kai, 1916; military counsellor to the President of China, 1917; Chief of Staff to the 3rd Army of the Kuominchun (Feng Yu-hsiang's Army), Dec., 1924; Field-Commander of the same Army, 1925; Dean of the Military Training Institute in Honan, Sept. 1925; Chief Counsellor to the 6th Army of the Nationalist Revolutionary Army, May, 1926 and in Dec., same year, promoted Commander of 17th Nationalist Division; Vice-Commander and later Acting Commander of the 6th Nationalist Revolutionary Army, April, 1927 and July, same year, promoted Commander of 18th Nationalist Army; appointed President of the Central Military Officers Academy, Dec., 1927, Director of Field Headquarters of the Nationalist Generalissimo and concurrently Chief of Staff to the First Group Army, April, 1928 and in Oct., same year, concurrently, President of the Gendarmes College; delegate to the National Congress at Nanking, March, 1929; Chief of Staff of the Field Headquarters of the Commander-in-Chief of the Army, Navy and Air Force, April, 1929; Commander of the 10th Army of the Anti-Rebel Force and Field Commander of Left Wing Army, Oct., 1929 and in Dec. same year, concurrently Dircetor of the Field-headquarters of the Commander-in-Chief in Loyang, acting on behalf of the Commander-in-Chief; Commander of the Yangtsze Forts, April, 1930 and concurrently Chief of Staff to the Headquarters of the Commander-in-Chief; elected member of the Central Executive Committee, 1931; President of the Military College. since Jan. 1932 and concurrently, Field Commander of the 8th Army of the North China Defense Force, March, 1933; address: The Military College, Nanking.

General Yang Chieh

楊杰字耿光

楊杰字耿光，雲南大理縣人，年四十五歲，民國十三年日本陸軍大學校第三期畢業，同盟會會員，國民黨黨員，民國元年任滬軍威武軍第二營營長，同年九月任黔軍騎兵第一團上校團長，二年任黔軍步兵第十團團長，同年九月代理第五旅旅長兼四川重慶衞戍司令官兼四川政務廳長，兼重慶警察廳長，晉授陸軍少將，三年任雲南陸軍講武堂騎兵科科長，五年討袁之役任護國軍第四軍參謀長，兼敘南衞戍司令，晉授陸軍中將，六年一月任大總統府軍事諮議，十三年十二月任國民軍第三軍參謀長，十四年任國民軍第三軍前敵總指揮官，同年九月任河南陸軍訓練處教育長，十五年五月任國民革命軍第六軍總參謀，同年十二月任國民革命軍第十七師師長，十六年四月任國民革命軍第六軍副軍長代理第六軍軍長，同年七月任國民革命軍第十八軍軍長，同年十二月任中央陸軍軍官學校校長，同年四月任國民革命軍總司令行營主任兼第一集團軍總參謀長，同年十月兼任陸軍憲兵學校校長，十八年三月兼任第三次全國民代表大會代表，同年四月任總司令行營總參謀長，十月任討逆軍第十軍軍長，兼左翼軍區指揮官，同年十二月特任陸海空軍總司令，洛陽行營主任代行總司令職權，十九年四月任甯鎮澄淞四路要塞司令，同年兼任陸海空軍總司令部總參謀長，廿年十一月選任中國國民黨中央黨部執行委員，廿一年一月特任陸軍大學校校長，廿二年三月兼任華北軍第八軍團總指揮等職。

Kiangsi Communists Scatter in Order to Avoid Government Troops

According to military reports received at Nanchang from the front, the Communists in Kiangsi have scattered to different places to avoid a frontal clash with the Government troops which are opposing the Communists strongholds in south-eastern Kiangsi. The 1st, 3rd and 5th Red Armies have retreated to Tengtien, the 12th and 22nd Armies to Ningtu and the others to southern Kiangsi. These Communists are retreating before the Government troops, thereby rendering it difficult for the government forces to round them up.

General Ho Chien, Chairman of the Hunan Provincial Government, was formally inducted into office at Changsha June 1st Commander-in-Chief of the Western Route Bandit-suppression Forces for the provinces of Kiangsi, Kwangtung, Fukien, Hunan and Hupeh. General Ho Cheng-chun, Director of the Hankow Pacification Headquarters, administered the oath on behalf of the Central authorities. He will establish headquarters at Pingsiang, western Kiangsi and will control three columns of troops. The Field-Commander of the first Column will be General Ho Chien himself, while Generals Liu Chien-shu, Commander of the 28th Army, and General Chen Chi-cheng, Commander of the 1st Army, will be in respective command of the second and third columns.

General Ho Ying-chin, member of the C.E.C. and Acting Chairman of the Peiping Branch of the Military Affairs Commission, was appointed an additional member of the North China Provisional Office of the Central Party Headquarters at a meeting of the C.E.C. Standing Committee at Nanking June 1.

Kiangsu Province on the Verge of Bankruptcy

Urgent measures must be adopted by the Kiangsu Provincial Government to avert bankruptcy according to recent statements by Shu Shih-fu, Provincial Commissioner of Finance. Owing to the impoverished state of the Provincial treasury, he says, it is impossible to enforce a budget which cannot be balanced with a deficit of nearly $9 million. This state of affiars is ascribed to the poor revenue returns during the last fiscal year (July 1931 to June 1932).

Traitors Under Religious Guise Buy Over Retired Officers

In a recent telegram to the Hupeh Provincial Government, General Chiang Kai-shek called attention to the fact that Chinese traitors, under the pretext of spreading Buddhism, are buying over impecunious military officers on the retired list and attempting to subvert the military corps, "Red Spears" and bandits to create trouble. Special efforts should be taken to effect their arrest, General Chiang orders.

Bandits in Northern Anhuei

A band of about a thousand armed bandits made its appearance at Suhsien, in northern Anhuei, during the latter part of May and began plundering the countryside. About eighty per cent of the bandits are armed. They have established bases at Chiakou and Tsaililehshan. These bandits call themselves Red Spears, but they are actually a separate detachment of the Communist-bandits, a recent message from Hsuchow states.

Millions Suffer from Famine in Shensi

According to a recent report made by the China Famine Relief Society, the drought which is now prevailing in the greater part of Shensi is unprecedented in history. Shensi has had no rainfall since 1928, with the result that

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all fertile land in the province has been completely ruined. At first the famine sufferers could exist on grass roots and tree bark, but now these cannot be found. Estimates show that the total number of famine sufferers is about 3,345,000, or three-fifths of the total population of Shensi.

General Chiang Kai-shek sent another telegram to General Chen Chi-tang, in Canton May 30 requesting that the proposed South-west anti-Japanese expedition to the North should be sent to Kiangsi to assist in the suppression of the Communists as there is no further necessity for the troops to go up to North China since a truce has already been signed between the Chinese and Japanese authorities.

Civil War in Szechuen Continues While Peace Conference Sits

Although a peace conference is in session at Lochih, fighting has been resumed in Szechuen between the rival troops under Generals Liu Wen-huei and Teng Hsi-hou at Kwanchen. General Liu's troops are making repeated attempts to cross the river at Kwanhsien. So far they have been repulsed by the defenders, recent telegrams from Chungking stated. General Liu Hsiang, Commander of the 21st Army in Szechuen, has again warned General Liu Wen-huei to stop fighting immediately, threatening to use armed intervention if his warning is ignored.

Arms Embargo on Arms into Szechuen Is Asked

Imposition of an arms embargo upon Szechuen, as a fundamental means of ending the recurrent civil strife in that province, was suggested by the National Anti-Civil War League in identic telegrams addressed to the National Government, the Executive Yuan and the Military Affairs Commission, June 4.

Executive Yuan Agrees on Principles for Settling Szechuen Dispute

Four general principles for the readjustment of civil and military affairs in Szechuen province—which have been agreed upon between Wang Ching-wei, President of the Executive Yuan, and General Chiang Kai-shek, were adopted at a meeting of the Executive Yuan June 1. The gist of the principles follows:

Past acts should be condoned; the present *de facto* situation should not be taken too much into account: the Szechuen units should be transferred from the province by the Central Government for resistance against foreign aggression and for bandit-suppression; the system of "defence areas" should be abolished, and a thorough investigation into the financial situation in Szechuan should be made. National revenues are to go to the Central Treasury and provincial revenues to the provincial treasury.

Szechuen Communists Continue to Advance

The Communists in northern Szechuen were still pushing on against the retreating forces under General Tien Sung-yao, according to last reports. One full regiment of General Tien's troops was completely routed after a severe engagement. General Tien's troops are now refusing to fight, declaring that their arrears must first be paid before they will fight against the Communists. General Tien Sung-yao has despatched a representative to the front to pacify the angry soldiers.

£4,500,000 for Canton - Hankow Rwy. £360,000 for China Merchants S.N. Co.

The Sino-British Boxer Indemnity Fund Committee decided June 5 to advance £4,500,000 to the Ministry of Railways for construction of the Canton-Hankow railway and £360,000 to the China Merchants Steam Navigation Company to have six ships built in Britain. The two loans represent approximately $80,000,000. The Committee is also considering favorably further loans for educational and communications purposes.

The loan to the China Merchants S.N. Company was originally proposed to the Ministry of Communications by O. S. Lieu, general manager of the Company, and sanctioned by the Executive Yuan before going to the Committee. It was learned that the Company (which is now State controlled) proposes to set aside part of its income annually to repay the loan.

Who's Who in China

(Supplement to the Standard Edition)

There will be published shortly a supplement to the standard book, "Who's Who in China," which will contain some 200 biographical sketches of Chinese men and women who have come into prominence since the Fourth Edition (1931) was issued. It also will contain revisions of some of the sketches which appeared in the Fourth Edition.

For example, the Supplement will contain the pictures and sketches of several leaders who have come into prominence as a result of the Sino-Japanese conflict, such as Generals Tsai Ting-kai, Chiang Kwang-nai and Oung Chao-wan of the 19th Route Army, Chang Chih-chung of the 5th Army; Ma Chan-shan, Su Ping-wen and Li Tu of the Manchurian campaign; Sung Chih-yuan of Chahar, Han Fu-chu of Shantung, Yu Hsueh-chung of Hopei, Chu Ching-lan of the Volunteers, etc., etc., etc.

For those who possess a copy of the last, or Fourth Edition, a copy of the Supplement, is indispensable.

READY FOR DISTRIBUTION ABOUT JULY 1.

No office, home, school or public library is complete without **Who's Who in China,** containing the pictures and biographical sketches of most of China's leaders in the fields of politics, business, education and the other professions. In addition to a record of their careers, it also contains their latest addresses, matters of vital importance to those who would keep up with events in China and the Far East.

The prices, including postage, for the Supplement as well as the standard edition are as follows:

	(In China)	(Abroad)
Supplement	$ 2.50	G.$1.00
Standard Fourth Edition (1931)	10.00	4.00
Both books	11.50	4.50

Send orders with check or postal order to the undersigned,

The China Weekly Review

38, Avenue Edward VII

Shanghai.

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Men and Events

Mitsujiro Iwai has been appointed Japanese Consul at Shanghai, to look after commercial matters.

Another batch of 120 Chinese who were deported from Mexico were due to arrive in Shanghai during the week.

The outskirts of Taiyuan, Shansi province, were flooded May 29 as a result of a torrental rain which lasted for two days.

The resignation of Prince Iyesato Tokugawa, President of the House of Peers, is expected shortly owing to ill health.

The Peiping and Tientsin oil markets are seriously affected as result of Soviet competition. Kerosene oil has dropped from $5.40 per tin to $4.45.

The ban on prostitution in Nanking which was imposed after the establishment of the National Government several years ago, has been cancelled.

Mrs. E. S, Cunningham, wife of the American Consul-General in Shanghai become ill during the week and as a result spent a few days in a sanitarium.

Cecil Lyon, formerly of the Hongkong U. S. Consulate-General, arrived in Tokyo on May 30 to take up duties as third secretary in the U.S. Embassy.

Millington, Ltd., British advertising and printing establishment in Shanghai, reports a loss of Tls. 28,341 for the year 1932 after making provision for depreciation and contingency accounts.

Through traffic between Peiping and Shanghai will be inaugurated next autumn, according to a recent declaration by Chiu Wei, the managing director of the Tientsin-Pukow railway.

Tuan Chi-jui, one of China's old-time veteran statesman and leader of the now defunct Anfu Party, is lying critically ill at 1487 Avenue Joffre. He recently celebrated his sixty-ninth birthday.

It was reported at Nanking during the week that General Chiang Kai-shek would come to the Capital shortly, after which he will pay a brief visit to his native town of Fenghua in Chekiang.

The North China branch of the Royal Asiatic Society will hold its annual meeting at 6 Museum road, Shanghai, Thursday, June 15 at 5.30 p. m., when officers will be elected for the ensuing year.

The assets of the Ford Motor Company have shrunk to $664,928,000 since last year—a falling off of $70,582,000, according to a balance sheet filed last week with the New Hampshire secretary of state.

The Dairen Kisen Kaisha suffered a severe decrease in shipments to South China ports during 1932, according to returns issued June 2. Officials trace the decline directly to the anti-Japanese boycott.

Prison sentences totalling two years were meted out to Mrs. Colgate, alias Mrs. Murphy, in the First District Court in Shanghai during the week on charges of assault, larceny, possession of arms and issuing a false cheque.

Yokohama Specie Bank officials in Tokyo recently stated that in future the franc would be an important factor in deciding Japan's exchange rate, more important than the American dollar or the British pound.

Mr. and Mrs. E. H. Cressy of the Baptist Mission, Shanghai, and members of the China Christian Educational Association, are joining the faculty of the College of Chinese Studies in Peiping for the summer term—June 26 to July 28.

The death occurred June 7 of J. F. Lauderdale, until recently manager of the National City Company at Shanghai, while he was visiting at the home of Harry Morris in London. His widow and two daughters both now in England survive him.

An attempt to smuggle bullion from Manchukuo was foiled when the police raided the *Kyodo Maru* and seized $70,000 in Taiyuan coins in bags containing fifty each. The ship was about to sail for Chefoo when the raid was made.

The steamship *Shun Feng*, of the Chung Wei Steamship Company, proceeded to Vladivostok during the week on her maiden voyage to that port. It was the first ship to go to Vladivostok since the resumption of Sino-Soviet diplomatic relations.

Harry Carr, a columnist of the Los Angeles *Times* arrived in Shanghai during the week from Manchuria, in the course of a round-the-world tour. He made the trip from the north with Reginald Sweetland, correspondent for the Chicago *Daily News*.

Dr. and Mrs. Milton Vance, of Wooster University, Ohio, are spending several weeks in Peiping studying various phases of mission work. They are guests of Mrs. Mark W. Brown of the Methodist Mission. During the past seven months both Dr. and Mrs. Vance were teaching in Ewing Christian College, Allahabad, India.

Viscount Ishii and Kukai, Japan's two delegates to the World Economic Conference, together with other members of the delegation, sailed from New York on June 2 on board the *Olympic* for England.

Japanese traders in Hankow are stated to be optimistic as to the future, owing to General Chiang Kai-shek's recent order restricting anti-Japanese movements, including newspaper articles that might cause anti-Japanese feelings.

The first Chinese leper colony to be supervised by American Catholics is being established near Kongmoon, South China, this summer by the Maryknoll Fathers. Father Joseph Sweeney, of New Britain, Conn., has been appointed the superior to take charge of it.

Koji Hatamoto, a Japanese, was hanged in the California State Prison at San Quentin May 19 for the murder of the 3-year-old daughter of his sweetheart Mrs. Ayako Kanda, at Los Angeles, some time ago. Hatamoto was the first Japanese ever executed in California.

R. Calder-Marshall, prominent Shanghai merchant and chairman of the Committee of the British Chamber of Commerce, was made a Commander of the British Empire on the occasion of the 68th birthday of King George of England celebrated June 3, when a long list of honors was announced.

The Soviet Foreign Commissary, M. Litvinov, who is attending the Disarmament Conference. categorically denied at Geneva, May 31 reports that the Moscow Government had offered to release the two British engineers, Messrs. MacDonald and Thornton if the British Government agrees to lift the boycott against Russian imports.

The statement was made by the Portuguese Prime Minister, Dr. Salazar, in a speech at an "imperial conference" in Lisbon June 2 that "Portugal's colonial policy is in the service of the country and the world." Could that possibly be the case with Macao, whose revenue is mostly derived from opium. gambling and other forms of vice?

The 94th anniversary of the confiscation and destruction of the historic cargo of opium imported in 1839 into China by British merchants at Canton, which inaugurated the anti-opium campaign under the Viceroy Lin Tse-hsu, then Imperial High Commissioner, was commemorated by the National Opium-suppression Committee at Nanking June 2.

The Japanese papers May 24 reported that E. E. Crowe, the Second Secretary of the British Embassy in Japan is alleged to have taken pictures of a fortified zone. The Osaka *Jiji* stated that Mr. Crowe, who was with his wife, was seen by a naval officer to take pictures, and the matter was reported to the gendarmerie. It is alleged that this is Mr. Crowe's second offence.

The City Government of Greater Shanghai will, in co-operation with the Chapei Omnibus Company, construct three new roads in the near future. The roads are from North Szechuen Road to the Shanghai College; from Dixwell Road to the new office of the City Government in Kiangwan, and from the Foh Tsu Hotel to the new office of the City Government.

Lin Sen, Chairman of the National Government, June 6 received a reply from President Roosevelt to his recent message expressing appreciation of the hospitality and courtesy extended to T. V. Soong by the American President and Government. President Roosevelt expressed the belief that his conversations with Mr. Soong had strengthened the ties of friendship between the two countries.

Loyal students of the Sun Yat-sen University made public at Canton, May 27 in the *Min Kuo Jih Pao* a long statement declaring that the recent trouble on the campus was due to paid agitation of the "blueshirt gang," with headquarters at Hongkong and Nanking. Tai Chi-tao and Chu Chia-hua, both former university presidents, are charged by the students to have directed and inspired the "blueshirts" to stir up trouble in the university.

The question of the registration of trade marks in China was discussed in the House of Commons May 29. Complaint was made by a Conservative member that the registrations were ineffective. Dr. Edward Burgin, Parliamentary Secretary to the Board of Trade, said he would look into any specific case brought to his notice. He said he had no indication that registration was ineffective.

Akira Ariyoshi, Japanese Minister to China, accompanied by his staff, proceeded to Nanking June 7. The Japanese telegrams stated that he was expected to see some of the leading members of the National Government while the trip to Nanking was understood to be a prelude to his being asked to return to Tokyo shortly to take part in consultations with the Foreign Office with regard to basic principles to be observed by Japan in its China policy in future.

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H. K. Murphy Joins Realty Investment Company

Henry Killam Murphy, well known New York architect who recently served as architectual adviser to the National Government of China, according to arrangements recently made will become "associate in architecture" to the Realty Investment Co. Mr. Murphy is a native of New Haven, Connecticut, and has been in active architectural practice for the last thirty years. Mr. Murphy recently completed a 12 months engagement as architectural adviser to the National Government, one of his tasks, in collaboration with his engineering associate, being the city planning of Nanking. He was then engaged by General Chiang Kai-shek as architect for the million dollar memorial cemetery group on Purple Mountain, Nanking, which will be formally opened on July 12.

Henry Killam Murphy

In Shanghai, Mr. Murphy's work includes the Robert Dollar Building; the National City Bank Building; the original group for the Shanghai American School; the entire school group at Jessfield for St. Mary's Hall; and the Harold Dollar residence. As Associate of Realty Investment Company, Mr. Murphy has just completed the design of the new English residence for Dr. John Y. Lee, to be built on Hungjao Road; and is now taking up the design of other residences in that vicinity.

General Horvath Charged With Intrigue Against Manchukuo

The Tokyo Metropolitan police recently charged General Horvath, the leader of the White Russians in China and at present a political refugee in Peiping, with plotting against Manchukuo and Japan. Other Russians were also charged with an alleged attempt to discover confidential facts concerning Manchuria and Japanese operations.

Bound up with this accusation seems to be Ataman Semenoff, who is on old enemy of General Horvath and also of General Diederichs. A short while back Manchukuo, incited by Japanese officers, unexpectedly arrested 50 White Russians, the representatives of Russian colonies of various towns in North Manchuria. The arrest was made following a secret report of Semenoff's, stating that the said men were spies for Horvath. A few days later, out of 50 men arrested, 48 were freed.

Advices from Peiping state that the aged General Horvath makes his living from the profits of a small milk farm. These profits are so small that his wife is forced to give music and art lessons. Mrs. Horvath came to Shanghai several months back and failed with her Art Exhibition and Musical and Art Studio, so that the General was forced to borrow $200 to bring his wife back to Peiping.

Five Leaders Who Will Guide Public Opinion in China

A recent Japanese message from Peiping stated that five leaders have been appointed by the Nanking Government to lead and unify public opinion in China:

Tang Yu-jen will be in charge of the task for the Central Political Council. Yeh Tsu-chang that for Central Kuomintang, General Chu Pei-teh that for Ministry Council, General Wu Teh-cheng that for Shanghai and General Huang Fu that for North China. General Huang Fu is quoted as saying that the job for the newspaper censorship in North China will in future be transfered from the Peiping Branch Military Council to the Political Readjustment Commission, and that due consideration will be given to the freedom of speech.

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New Books of Interest in the Far East

Preparing for the Next War

The New Balance of Power in Europe, by Valentine de Balla, Ph. D. The Johns Hopkins Press, Baltimore. Humphrey Milford (Oxford University Press), London. 1932. G.$2.00.

This book, one of the Johns Hopkins University Studies in Historical and Political Science, is written by an Italian graduate of a military college, and attempts "to describe the formation of a new European balance of power with the possible consequences of war or peace." To people who still believe that the peace secured by the Versailles pact is in any way permanent, the book will present a new viewpoint. To those who are looking for a careful and objective study of the situation, it will be disappointing, as there are some glaring errors resultant from the evident bias of the writer.

The early part of the book is the best. Dealing with the "revisionist powers," the author analyzes the situation of each in turn, starting of course with Italy. An important factor in Italy's foreign policy is "the problem of disposing of her large surplus population, which has a growth of about half a million per annum." This problem, however, is in large part an artificial one, deliberately created by the Italian Government itself for Imperialist ends, as is shown (quite uncritically) by the author himself when he refers to "the recent legislation in Italy, encouraging larger families and establishing a tax on bachelors. With an enormous pressure of growing population with no outlet, this encouragement seems certainly to indicate the tendency of the government to acquire territories for the surplus. Italy's present colonial possessions....are practically unproductive both in providing opportunities for her emigrants and in supplying her industries with raw materials." France's civilized restriction of population is taken as a reason for cutting down her possessions in favor of the free-breeding Italians.

The "dissatisfaction over the distribution of the former German colonies," which "has given point to Mussolini's frequent references to Italy's 'legitimate colonial aspirations,'" gives further pause for consideration. Italy (though de Balla does not mention the fact) was allied with Germany at the outbreak of the Great War, and not only failed to join her central European allies, but finally (after waiting to see which side looked more hopeful) came into the War against them. Perhaps de Balla's argument would be that such treason should have been better compensated, in spite of France's terrible losses in bearing the brunt of the war on the Western front, but "legitimate aspirations" for the colonies of Italy's defeated and betrayed ex-Ally does not seen exactly the fitting expression.

The Opposing Forces

Such points, however, are more of historic than of immediate interest. Also of incidental interest is the bitter contempt and hatred shown by the German Nationalist extremists for colored peoples, specifically referred to in some of Hitler's speeches quoted in this book, with his contemptuous and insulting "French niggers," etc. The real interest of the book is its calculation of the opposing forces in Europe as they stand at the present day.

As to the manner in which the Versailles pacts crippled and injured Germany and her allies, as set forth by de Balla, there is no doubt. There can also be no question of the extent to which French militarism established its dominance not only over Europe, but over France itself. But from the viewpoint of the common man, who is sent out as cannon fodder when the masters of the various nations decide to make war, perhaps the most hopeful sign of all is the fact, admitted by the author, that "the status quo group is mainly intent upon holding the present dominant position in Europe (Russia excluded), and no real evidences of territorial appetites are manifested among them."

But there are plenty of evidences of such appetites among the "revisionist powers," and whatever sophistry may be indulged in as to Germany wanting an army merely to satisfy her national pride, it is perfectly evident that armies are made for use and not for show, and to permit any real balancing of the military forces in Europe would lead to war as inevitably as it did twenty years ago. So long as nations are ruled by militarists, flag-waving demagogues, and irresponsible dictators, the only hope of peace is that one gang of militarists have such a predominance of power that the other cannot hope to cope with it in any way. And this is the situation in Europe today.

De Balla points out, though perhaps with some exaggeration, the wide control of the munition manufacturers, and the Government, over the French press. This is an excellent point, as is also his remark that "flag-waving politicians are more certain of applause than those who preach reason." For some reason not stated, however, only France is referred to in this connection, leaving one to infer that there is no Government control over the press in Italy or Germany, and no flag-waving politicians in those doubly-blessed countries. Both of which propositions are utterly and obviously false.

Russia and the Reds

This is only a mild sample of the clear-sightedness of the author with regard to one group of nations, and his utter blindness with regard to the same factors among another group. In comparing military power, de Balla is probably fairly accurate, though perhaps exaggerating Italy's vulnerability as compared with France. He points out correctly enough that "it is not the will for peace which leads Italy to restrict her outlay, but her limited financial means as compared with France," the latter means also assisting Paris to maintain control in her allied states in eastern Europe. But Italy attempts "to overcome the limited financial means by a great deal of voluntary (*sic*), non-paid service," makes "all possible efforts to advance the national and fighting spirit of the youth and the population," and starts the "pre-military training" of its children at the age of eight.

When he gets beyond actual or estimated military forces, however, to other subjects, de Balla becomes so obviously biased as to be ludicrous. In figuring the strength of France's eastern allies, for instance, he considers the numbers of their various "majority" populations, and assumes that their various national minorities (making up about one-third of the whole) may be counted on for immediate and forcible opposition to their Governments as soon as war gives them an opportunity. All these little states, except Czechoslovakia, depend on "dictatorships relying solely on military force." But there is no suggestion that there are such dictatorships in Germany, or Italy, or Hungary, or Bulgaria, or Turkey. Oh dear no!

But Russia is the decisive factor. Admittedly, Italy and Germany combined cannot check France with their present strength. But Russia, deprived of considerable territories with Ukrainian populations by Roumania and Poland, is to be figured as a "revisionist power," prepared to fight for the recovery of these territories, and join hands with Fascist Italy and Germany against France! If one thing is certain, however, it is that Bolshevik Russia is not going to take any chances which depend upon the loyalty of her Fascist "friends" further west, one of which was not even loyal to her Imperialist allies twenty years ago! De Balla considers it "hardly conceivable that Italy would let down the only great power which assures the European balance of power." Which is pure nonsense.

The Destruction of Germany

The war, as de Balla envisions it, would have its great center in Germany, where Italian and some German forces might check the French advance to some extent until the Russians fought their way through. "The main battlefield in case of a great war, wherever it begins, will be Germany. This is bound to be so, as surely as it is that France, Italy, the eastern allies of France, and Russia will wage the war...Germany... will go with those who promise her escape... This resistance will mean the destruction of Germany, but as it is bound to come in a general war anyhow, Germany will try to obtain from it what she considers her liberty." (When a nation is destroyed, how much liberty has it?)

France and her allies will be weakened by the Socialist, Communist, and "national minority" opposition to the war. But de Balla is either blissfully ignorant of such forces in Germany, Italy, Hungary, Bulgaria, etc., or else deliberately assumes that they will be an important factor in *defence* of their respective dictatorships. "French Socialists will go into the war against their will," but German Communists will presumably join in most enthusiastically with the defensive forces of Messrs. Hitler and Mussolini! Mr. de Balla is apparently unaware that however disinclined a French Red may be to fight a Russian Red, he is not exactly per-

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turbed at the idea of training a machine-gun on an Italian or German Fascist. And, believe it or not, the same thing may not impossibly be true of German Reds.

De Balla, indeed, is so one-sided as to be more than slightly foolish at times. But perhaps his crowning asininity is the assumption that in a terrible European holocaust such as he envisages, Britain would be neutral!

H. H.

A Review of Recent Development in Baptist Mission Fields

Out of the Storm in China, by William B. Lipphard. Published by the Judson Press, Philadelphia. Price $1.50 (U.S.)

Just as the Presbyterian Mission Board knew that a word from such a denominational authority as Cleland B. McAfee would be more readily accepted than any report of a Laymen's Mission Inquiry, so the Baptist Mission Board realized that the people of their denomination would be more likely to read and accept a missionary review from the pen of one of their own leaders. The first resulted in the volume recently reviewed, "The Uncut Nerve of Missions" by Cleland B. McAfee, and the latter in this book by William B. Lipphard. By the very nature of its denominational limitations and individual research, neither book can compare in scope or interest with "Re-Thinking Missions", the report of the Laymen's Inquiry Commission. On the other hand, each will be more generally read no doubt by the members of a particular denomination.

Dr. Lipphard has written other books,—"The Ministry of Healing", "The Second Century", and "Communing with Communism"—he has traveled extensively, especially in Baptist mission fields, and is a secretary of the Baptist Foreign Mission Society. At the time of writing this book on China he was Associate Editor of "Missions". The reviewer understands that he is now editor of that magazine.

Regarding the long series of disturbances in China as a storm, Dr. Lipphard undertakes in this volume to show how Baptist missions have survived, how Chinese Baptists carried on during the disintegrating period, how Chinese leadership has accepted new responsibility and prepared itself for larger tasks, and what readjustments and problems now require solution for Baptist missions in China. In brief it is the "Inquiry" and the "Appraisal" of one layman for one denomination in one mission field.

So many foreigners living in port cities are convinced that the Chinese people are inherently anti-foreign, that it would be a good thing if all could read the following:

> "The friendliness of the Chinese people promptly remanifested itself after each storm of anti-foreignism had passed. So it is important to maintain a proper perspective. Four hundred million people live in this immense country. Only a fraction of them have had any feeling of real hatred against foreigners. Throughout this disturbed period the chief concern of the mass of the people has been what it always was throughout the past centuries—the price of rice, the imminence of flood disaster, rumors of an approaching band of brigands.... In all the earth there is probably no more picturesque embodiment of calmness and peaceful complacency than a typical Chinese village far from the seacoast. Take any peaceful village scene in China, multiply it by several hundred thousand, and it becomes a composite picture of the peacefulness and friendliness of China."

The author does not go to any extent into fundamental causes. He presents too many statistics to strike fire often. But he is informative and convincing and gives reason for his faith in a better tomorrow. His biographical sketches of the missionaries of yesterday, and the Chinese leaders of today are of special interest.

G. T. F.

The National City Bank of New York, Rates of Exchange

Shanghai, June 7, 1933.

Demand selling rate on America:	U.S. $100=Sh. $394.09
Demand buying rate on America:	U.S. $100=Sh. $390.24
Demand selling rate on London:	£1.0.0=Sh. $16.000
Demand buying rate on London:	£1.0.0=Sh. $15.738

"A Handbook of Chinese Trade Customs"

By

Chow Kwong-shu

under supervision of

Chen Ta-hsun, Member of Shanghai Bar

This book is a collection and translation of explanations and informative letters sent out by the most influential and powerful business organisations in Shanghai to various law courts, public bodies and legal practitioners. Trade customs practically govern all business transactions in China, especially when her legislation allows customs to be prevailing in the absence of specific provisions of law. It is a book indispensible to any person interested in China economically.

Contents:

General Trade Practice and Customs, Indenting Goods, Delivery and Return of Goods, Business Transfers, Partnership, Employees, Account Books, Commission, Guaranties, Mortgages, Letter of Credits, Bills and Notes, Transportation, Lease and Rental, etc. 230 pages.

Obtainable from Chinese American Publishing Co., Kelly & Walsh, Ltd., or the Publishers, Far Eastern Press, Box 581, Shanghai.

$6.00 in China, G.$3.00 in foreign countries, postage included.

ONLY A FEW COPIES LEFT

The *Review* still has on hand a few copies of the following books dealing with Pacific and Far Eastern Affairs:

"Problems of the Pacific" by Bruno Lasker; standard book of reference for those interested in the complicated affairs of the Far East .....Price M.$15.00

"Symposium on Chinese Culture," by Sophia Chen Zen .....Price M.$ 7.50

"Essays on the Manchurian Problem," by Shuhsi Hsu .....Price M.$ 7.50

Add 25-cts. for postage in China or $1.40 if to be mailed abroad.

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Feb. 7, 1931	Vol. 55 No. 10
Feb. 28, 1931	Vol. 55 No. 13
Oct. 10, 1931	Vol. 58 No. 6

Mail with statement to

THE CHINA WEEKLY REVIEW

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Japanese Enlarge Diplomatic and Economic Activities

Count Uchida, Japanese Foreign Minister, has formulated a program for increasing Japan's diplomatic establishments abroad and for extending economic activities. The program includes new legations to be established in Egypt, Ethiopia, Afghanistan and Colombia, with new consulates to be opened in Manchukuo, India, Brazil, New Zealand and Africa. It is also intended to increase the staffs of commercial attaches.

Increasing Japanese Competition Alarms Britain

The growing uneasiness caused by Japanese competition in world markets was reflected in a report presented to the British Board of Trade by the special investigating committee of the Federation of British Industries June 1.

This estimates that between fifteen to twenty million people will be added to the Japanese population in the next twenty to thirty years, and that only a fraction of these can be fed out of Japanese domestic resources.

It is, therefore, inevitable, the report continues, that Japanese competition will become increasingly intense.

Japanese foreign trade activities were debated at length in the House of Commons June 2. Samuel S. Hammersley, a Conservative, contended that it was not a question of business competition but of a national creed on economic penetration and the employment of every instrument, not excluding the inflation of currency and the piracy of trade-marks, to secure the domination of world markets as a step towards the overlordship of the East. He urged closer cooperation between Britain, the Dominions and India, and then an agreement to share the colonial market with countries like France, Belgium and Italy and a closer link with the United States.

Japan's Efficient Production

Colonel Colville, Parliamentary Secretary for Overseas Trade, replying for the Government, said that the low cost of labor in Japan entered very largely into their competitive power, but allowance should be made for Japan's organization and efficient production. The recent heavy depreciation of the yen had also given them a considerable advantage. No evidence was forthcoming, he said that subsidies were on such a scale as to account for the difference at which Japanese goods were sold. In West Africa it was impossible, he said to introduce Imperial preference owing to international obligations, but hitherto that valuable Lancashire market had not been seriously affected by Japanese competition.

Signs were evident, Colonel Colville continued, that the competition would become more intense. The serious nature of the problem had caused the Home Government to move cautiously; it was an intensely complex problem, which should be dealt with not piecemeal but as a whole.

Official circles in Japan are urging the cotton spinning interests in Japan to send their own delegate to England to confer personally with the representatives of the British cotton merchants in order to facilitate the opening of the trade parley at the earliest moment.

The British cotton interests are asking for discriminatory Empire preference against the Japanese, incidental to the annulling of existing treaties with the Japanese; incidentally suggesting an arrangement with the Netherlands to stop Japanese dumping in their mutual possessions in Asia.

American Motor Car Salesman Held on Murder Charge

Glenn M. Hargrave, who has recently been engaged in Shanghai as a motor car salesman, is being held by the U. S. Court authorities in Shanghai on a murder charge, the information filed by District Attorney Sellett June 5 charging that Hargrave on May 31 caused the death of Leslie Malcolm Bell, a British subject employed by Mustard & Co., by striking Bell with his first and causing him to fall upon the concrete curbing on the afternoon of said day, on Canton road near the Bund, from the effects of which Bell died the following day at the General Hospital. Hargraves was among those who assisted in taking the injured man to the nearby office of Dr. W. H. Gardiner, who administered first aid. It is stated that the two men had an altercation concerning a sale of a motor car to a British subject, and that Bell dissuaded the intending purchaser from purchasing an American car, reminding him of the slogan, "Buy British." Hargrave came to China originally in 1927 with the U. S. Marines but returned to America upon expiration of his enlistment. Recently he returned to Shanghai and joined Bills Motors as salesman for Ford cars.

Japan Opposes Part of Ramsay MacDonald's Disarmament Plan

The British delegation to the Disarmament Conference announced in Geneva, June 3, that the discussions, scheduled to take place in Paris between French, British and United States statesmen with reference to the present position of the Conference, had been postponed until June 8.

A Tokyo telegram June 4 stated that the Japanese Foreign Office has decided to oppose the whole of the first part of the MacDonald disarmament proposal on the ground that the actual situation in the Far East does not make it expedient to allow the decision regarding an alleged act of aggression by any certain country to be left to the majority vote of third party countries.

In the debate on the first reading of the British disarmament plan at Geneva, June 3, M. Litvinov, the Soviet delegate, proclaimed the support of the Soviet delegation for the amendments moved by the Turkish delegation on the question of abrogating that section of the Treaty of Lausanne which refers to the Dardanelles.

According to a *Transocean* message from Geneva, the committee for examining the question of budgetary limitation of armaments completed its report June 3, revealing that all great Powers, with the sole exception of France, are opposed to the scheme of reducing armaments by means of limiting the military expenditure. The committee, however, was unanimous in approving the publication of the budgetary estimates for armaments.

Japan Sends Reply to Washington

Japan's reply to President Roosevelt's appeal for peace and disarmament, was cabled to Washington June 6. The reply, it is understood, expresses the Japan's agreement in principle with the disarmament and non-aggression proposals, but reserves its views on the disarmament and consultative pacts and regarding the pledge against the invasion of one state by another till these questions arise at the international conferences appointed to discuss them.

Soviet Trade Shows Favorable Balance

The total foreign trade turn-over of Soviet Russia in the first quarter of 1933 amounted to 200,500,000 roubles. Exports were 112,103,000 roubles and imports 88,401,000 roubles:—a favorable trade balance of 23,702,000 roubles. The following table shows the details, as furnished by a recent *Tass* telegram from Moscow:

	Exports (roubles)	Imports (roubles)
Germany	26,631,000	46,529,000
Great Britain, with colonies, dominions and India	27,516,000	6,655,000
Italy	5,644,000	4,892,000
Mongolia	5,867,000	4,311,000
Western China	3,725,000	5,451,000
France & colonies	6,747,000	1,453,000
U. S. A.	2,462,000	3,938,000
Persia	3,627,000	2,674,000
Holland & colonies	3,645,000	1,870,000
Afghanistan	2,721,000	1,799,000
Eastern China	2,202,000	558,000
Japan	1,367,000	403,000
Turkey	1,067,000	638,000

The London *Daily Herald* commented June 3 that the embargo on Soviet products imposed by the British government had practically killed Anglo-Soviet trade. In the first five months of 1932 the value of Soviet orders executed in Britain amounted to £3,670,000, while the figure for the corresponding period of this year is only £700,000.

General Chiang Contributes $20,000 Towards Agricultural Improvement

Recently, the Kiangsi Provincial Government invited Dr. H. H. Love, Agricultural Adviser to the Ministry of Industries, and Dean K. S. Sie of the College of Agriculture and Forestry, University of Nanking, to survey agricultural conditions in Kiangsi and suggest a general program for improvement. During this trip Dr. Love and Dean Sie had an opportunity to discuss agricultural problems with Gen. Chiang Kai-shek, who showed great interest in the College and in the crop improvement work which is being carried on in the North. General Chiang is interested in the further development of this program in the North, and especially in Shensi, where little work of this kind has been carried on, and made a gift of $20,000 towards carrying out the program.

Some Opportunities for Business Connections in America

Persons interested in communicating with the firms listed herewith are requested to communicate with the U. S. Consulate-General at Shanghai, mentioning the number of the specific item:—

113/ A west coast company desires to sell scrap metals.
114/ A New York City firm desires to sell soapstone scrap.
115/ An American in India desires to sell "Kut Root."
116/ A New York City firm desires to sell ginseng.
117/ An American in Tennessee desires to sell ginseng.
118/ A Chicago firm desires to market its packing house products.
119/ An Indiana firm desires to market radio receivers.
120/ An eastern firm desires to sell sporting goods.
121/ A New York City firm desires to sell industrial diamonds.
122/ An eastern firm desires to market insulating material.
123/ A New Yorker desires to purchase fighting and singing crickets.
124/ A west coast firm desires to sell index and filing supplies.
125/ A San Francisco firm desires to sell resin.
126/ A San Francisco firm desires to sell old newspapers.
127/ An East Coast firm desires to market special type matzohs (unleavened biscuits).
128/ An East Coast firm desires to sell its "bazaar lines" toilet goods, cosmetics, batteries, flash lights, baking powder, milk preparations, alarm clocks, pens, inks, et cetera.
129/ An East Coast firm desires to sell packaged Kosher salt.
130/ A San Francisco firm desires to sell tinned goods, scrap metals, et cetera.
131/ A New Orleans firm desires to market paraffin wax.
132/ A New York concern desires to market textile remnants.
133/ An East Coast distributor of traffic signal control apparatus desires a Shanghai sales agent.
134/ A Chicago firm desires to sell ginseng.
135/ A Seattle firm desires sales agent for kippered salmon.
136/ A Pacific Coast manufacturer desires to market line of automatic time switches and remote control valves (pay meters) in Shanghai.
137/ A Massachusetts firm desires to sell typewriter ribbons and carbon paper.

A west coast firm, desirous of buying Chinese Hog Casings, wishes to get in touch with producers in this territory.

An American in Mexico would like to get in touch with exporters of Chinese embroideries, linens and art goods in general, especially the smaller novelties.

Real Estate Review of the Eastern District, by Realty Investment Company

With the sole exception of a few sites on North Szechuen Road extension which were damaged during the troubles and have not yet been rebuilt, there are signs of building activity on all sides and actual construction work is proceeding with amazing speed. Beyond the border of the Northern District rows of terrace houses in Scott Road are filling up and there seem to be very few houses there "to let".

The Japanese barracks at the corner of North Szechuen Road extension and Kiangwan Road are now four stories high and window frames are being put in. In Chapei a few new small groups of shops and hongs have sprung up, but otherwise there is not much change in the area except that several new bridges have been constructed.

The New Asia Hotel on Tiendong and North Szechuen Roads has now had all the reinforced concrete work completed; also exterior brick walls. Interior finishing work is progressing rapidly.

In Haskell Road a large group of Hongs is under construction on nearly 8 mow of land.

CUSTOMS NOTIFICATION NO. 1304

In accordance with Government instructions, the public is hereby notified that, as from the 31st May, 1933, sheep's wool reject (locks, belly-pieces, crutchings and cots or entangled matted masses) will, on exportation abroad, be classified under Export Tariff heading No. 190 whenever the value is less than $15.00 per picul.

H. O. Tong,
Superintendent of Customs.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 1st June, 1933.

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Latest New York Stock Exchange Quotations

Market—Irregular — Business Done 6,210,000 Shares

June 7, 1933

1932-3 High	1932-3 Low	Div.$ per Sh.	STOCKS	Mon. Jun. 5	Tue. Jun. 6
9⅞	1⅝	—	Adams Express	9⅝	9⅜
119¼	42½	*6.00	Allied Chemical & Dye	119¼	116
18	4	—	Allis Chalmers	18	18
94	29⅝	4.00	American Can	94	92⅞
15	2	—	American & Foreign Power	14⅝	16⅜
88½	5	—	American & Foreign Power 7% Pfd.	27¼	29¾
10	1¼	—	American & Foreign Power Warr.	9¾	10½
20⅞	1¼	—	American Metal Co.	20¼	18⅞
35¾	5⅛	—	American Smelting	34½	33⅞
137¾	70¼	9.00	American Telephone & Telegraph	121⅝	120½
89¾	44	5.00	American Tobacco "B"	88½	87½
34⅛	11	1.00	American Waterworks	30¼	30½
19⅝	3	—	Anaconda Copper	17⅝	17
15⅞	4¼	—	Atlas Corporation	15¼	15½
151¾	28¾	2.00	Auburn Automobiles	69	68¼
22½	3⅝	—	Baltimore & Ohio	22¼	21¾
29⅝	7¼	—	Bethlehem Steel	29	29½
43⅛	18	1.60	Borden Company	33⅜	33⅝
16	3⅜	—	Borg Warner	15½	15½
20⅝	7¼	—	Canadian Pacific Railway	15⅞	15½
77¼	16¾	—	Case, J. I.	77¼	75
47⅞	19	2.00	Chase National Bank	26	28¼
34⅝	4⅞	2.00	Chesapeake Corp.	34	36¼
24⅝	5	—	Chrysler	23½	24⅜
21	4¼	.80	Columbia Gas & Electric	20½	21
5⅛	⅛	—	Commonwealth & Southern	4	4½
68¾	31½	3.40	Consolidated Gas of N. Y.	57½	57⅜
14⅝	3⅝	—	Continental Oil	14	13¼
75½	24¾	3.00	Corn Products	74	72½
7⅝	1½	—	Coty Inc.	7	6⅝
3¼	⅞	—	Curtiss Wright Company	3	3⅜
18⅝	5	.75	Douglas Aircraft	16⅝	16¾
58	28	3.00	Drug Incorporated	56⅞	55⅛
83¼	22	2.00	Du Pont de Nemours	80¾	79½
87⅞	35¼	3.00	Eastman Kodak	83¼	83½
48	5	6%S	Electric Bond & Share	30⅝	33⅛
16	2¾	—	Electric Power & Light	10¼	10⅞
5⅞	⅞	—	Fox Film "A"	4¾	4⅝
26⅛	8½	.40	General Electric	22¾	22¾
40⅞	19⅝	1.60	General Foods	35¼	35¼
26⅜	7⅝	1.00	General Motors	25⅝	26¼
35⅛	6⅛	1.00	General Railway Signal	33	35⅝
28⅛	8¼	1.20	Gold Dust	23⅛	22⅝
37⅛	5¼	—	Goodyear Tire & Rubber	35⅝	37⅜
29	3⅝	—	International Cement	27	26
1⅞	½	—	International Com. Engine	Unq.	Unq.
39⅜	10⅝	.60	International Harvester	38½	38
15¾	3¼	—	International Nickel	15½	15⅝
18⅛	2⅝	—	International Telephone & Telegraph	18⅛	19⅜
39¾	10	—	Johns Manville	39⅛	38½
21¾	4⅞	—	Kennecott	20⅞	20⅝
66	30½	2.40	Lehman Corporation	66	64⅛
92	34⅛	*4.00	Liggett & Myers, "B"	92	91
37¾	9	1.00	Loew's: Inc.	21⅞	21⅝
28⅜	9	1.20	Lorillard P. Co. (Com.)	20⅞	20⅝
24½	3½	—	Montgomery Ward	23⅜	23
64½	19¾	1.00	National City Bank (bid price)	32⅛	36¾
36⅝	8¾	—	New York Central	36⅛	35
43¼	13¾	8%S	North American Company	29¾	29⅞
37	16⅞	2.00	Pacific Gas & Electric	27¾	28
5¾	1⅛	—	Packard Motors	5¾	6⅜
28⅜	6½	.50	Pennsylvania Railroad	28	28⅛
4⅜	1	—	Pennroad Corporation	3⅞	3¾
14½	2	—	Phillips Petroleum	13½	13⅛
60	28	3.20	Public Service of N. Jersey	52½	52
13½	2½	—	Radio Corporation	9¼	9
7¾	1	—	Radio-Keith Orpheum	4½	4¼
41⅝	26½	3.00	Reynolds Tobacco "B"	48½	43¼
37⅜	9⅞	—	Sears Roebuck	31⅞	31⅜
8¾	2½	—	Shell Union	7⅞	7½
15¼	2¾	—	Simmons Company	15¼	16
12¼	5¼	—	Socony-Vacuum Corp.	11⅛	11
32⅜	15¾	2.00	Southern California Edison	24¼	25
34¼	5¼	—	Standard Gas & Electric	14¼	14⅝
37⅜	19⅞	1.00	Standard Oil Co., of N. Jersey	36⅛	36
22¾	9¼	1.00	Texas Corporation	21⅜	20¾
29⅞	12	1.00	Texas Gulf Sulphur	29⅛	28¾
7⅛	2⅛	—	Trans America	7	6⅞
40⅜	15½	1.00	Union Carbide & Carbon	40	38⅞
112½	27⅝	6.00	Union Pacific	112	110
34⅝	6½	—	United Aircraft & Trans.	33⅝	33
14	3½	.40	United Corporation	10⅝	11¼
22	9¼	1.20	United Gas Improvement	20⅜	20⅛
14⅜	1¼	—	U. S. Rubber	14¼	15
54	21¼	—	U. S. Steel	53⅜	53⅝
45	11	2.00	Universal Leaf Tobacco	45	44⅛
28¾	5¼	—	Vanadium	28⅜	25½
6	½	—	Warner Bros. Pictures	6	6¼
46⅛	15⅝	—	Westinghouse E. & M.	46⅛	46⅜
45⅝	22	2.40	Woolworth	40⅛	40

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A Survey of China's Trade With the United States

BY HO PING-YIN

(People's Tribune, May 1)

Trade relations between China and the United States make a long and interesting reading, for authentic historical records reveal that long before the Colonial days in North America there was already an indirect commercial intercourse between the Chinese Empire and the New World. Formal and direct commercial contact between two countries, however, began only with the conclusion of the Treaty of Wanghsia in 1844.

Prior to 1864 there were no Customs records of the Sino-American trade, the value of which has increased from Hk. Tls. 5,000,000 in 1864 to Hk. Tls. 440,000,000 in 1931. Since the beginning of commercial intercourse with the United States, the balance of trade for China was always in her favor until 1898, when the balance turned in favor of America, with a continuous excess of imports except in 1897, 1910, 1913, 1915, 1918, and 1925. The excess of American imports into China was generally under Hk. Tls. 100,000,000, but in 1930 was over that figure, increasing to Hk. Tls. 201,000,000 in 1931, and in 1932 to Hk. Tls. 209,000,000.

In the beginning, the principal articles of trade between China and the United States were tea and ginseng. Latterly the principal exports from China have consisted of silk, tea, begetable oil, wool, skins, eggs and egg products, rugs, and wood oil, representing about 90 per cent of China's total exports of the United States, while imports from that country were principally raw cotton, petroleum, tobacco leaf, flour, wheat, motor-cars, machinery and timber. Tobacco leaf imported from the United States represented 93 per cent of China's total import of this particular commodity, while American petroleum represented about 65 per cent of the total trade in that line. So apparently, the varieties of Chinese commodities exported to the United States are not fewer in number than of those imported from that country, but American goods are able to stand strong competition on the Chinese market and maintain their old position, while Chinese goods are immediately driven out of the American market as soon as they meet with competition. To say nothing of silk and tea, the tung oil trade, which for a long time had enjoyed a monopoly market in the United States, is now in danger of being pushed out. The object of the present article is to forecast the future of Sino-American trade by tracing its past history and examining current facts.

HISTORICAL SKETCH

At the end of the 18th century there was an indirect commercial intercourse between China and the New World, carried on by the East India Company, which shipped tea from China and ginseng from the United States.

Direct trade began in 1784, when some American merchants aboard the "Harriet" sailed for China, and subsequently an American Consul-General aboard the "Hope" arrived at Canton to promote trade between the two countries. In order to facilitate and encourage commercial intercourse the United States drafted a number of preferential import and export duties, and tea carried by American ships direct to United States ports paid lesser duties than that shipped by vessels of other nationalities. At that time, however, trade between this country and the United States was limited to Canton only, and the business was monopolized by the Co-hong, so there was no marked development in trade between the two countries during this period.

On July 3, 1844, following the Treaty of Wanghsia, the first commercial treaty between China and the United States was signed, its main points being as follows:

1. The United States to be accorded most-favored nation treatment.
2. The United States to have the right to trade at Canton, Amoy, Foochow, Ningpo and Shanghai, and American ships to be subject to no restriction in entering ports. All previous taxes to be abolished and new import and export tariffs, as well as shipping tax, to be drafted.
3. Abolition of the co-hong system then existing in China.

After the signing of the Treaty of Tientsin in 1857, the United States was permitted to have its own officials permanently stationed in Peking, and the number of treaty ports was also increased from five to eight. In addition, the United States was permitted to trade in ports opened to other countries, and shipping dues were also revised. A supplementary agreement was signed in 1858, in which the tariffs and Customs formalities in regard to Sino-American trade were definitely stipulated. In 1868 another agreement of eight articles was signed, this agreement being entirely based on recognition

CHINA'S POSITION IN THE FOREIGN TRADE OF U.S.A.

THE TREND OF SINO-AMERICAN TRADE SINCE 1868 (IN HK. TLS.)

Year	Imports		Exports		Total		Balance
	Value	Index	Value	Index	Value	Index	Favorable (+) Unfavorable (—)
1868	741,569	100.00	5,891,182	100.00	6,632,751	100.00	+5,149,613
1869	1,382,918	186.39	8,173,532	138.74	9,556,450	144.07	+6,790,624
1870	373,563	50.40	7,599,223	128.99	7,972,786	120.20	+7,225,660
1871	449,279	60.51	10,358,018	175.83	10,807,297	162.93	+449,279
1872	369,161	49.78	11,943,614	202.73	12,311,775	185.62	+11,573,453
1873	244,204	32.93	7,523,762	127.72	7,767,966	117.11	+7,279,558
1874	265,535	35.81	6,451,701	109.52	6,717,236	101.27	+6,186,166
1875	1,015,863	136.99	7,674,303	130.27	8,690,166	131.01	+6,658,446
1876	738,528	99.59	7,259,018	132.22	7,997,546	120.58	+6,520,490
1877	1,138,136	153.48	7,951,203	134.96	9,089,339	137.03	+6,813,067
1878	2,253,148	303.84	6,576,125	111.63	8,829,273	133.11	+4,322,977
1879	2,541,117	342.67	8,984,622	152.52	11,525,739	173.77	+6,443,505
1880	1,204,525	162.43	9,119,988	154.81	10,324,513	153.66	+7,915,463
1881	3,300,312	445.04	10,229,594	173.65	13,529,906	203.98	+6,929,282
1882	3,276,728	441.64	8,420,130	142.93	11,696,858	176 35	+5,143,402
1883	2,708,395	364 96	7,351,961	124.80	10,060,356	151.66	+4,643,566
1884	2,418,367	325 88	8,279,598	140.55	10,697,965	161 28	+5,861,281
1885	3,315,402	446 77	8,297,722	140.86	11,613,124	175 08	+4,982,320
1886	4,647,333	626.28	9,685,691	164 42	14 333,024	216 09	+5,038,858
1887	3,398,390	457.95	8,915,920	151 35	12,314,310	185 65	+5,517,580
1888	3,145,712	423.99	8 962,569	152 15	12.108,281	182 54	+5,816,857
1889	3,805,664	512 94	7 084,121	120.25	10,889,785	164 18	+3,278,457
1890	3,676,057	495 42	8,164,748	138.60	11,840,805	178.52	+4,488,691
1891	7,731,752	104 20	9 033,630	153 35	16,765,382	252.75	+1,301,878
1892	6,061,900	816 98	10,784,655	183.08	16,846,555	253.99	+4,722,755
1893	5,443,569	733.69	11,725,644	199.05	17,169,213	258.84	+6,282,075
1894	9,263,081	1248 38	16.442,788	279.12	25,705,870	387.55	+7,179,706
1895	5,093,182	686.39	15,383,402	261.13	20,476,584	308.71	+10,290,220
1896	11,929,853	1607 82	11,123,599	188.83	23,053,452	347.55	—806,254
1897	12,440,302	1676 55	17,828,406	302.63	30,268,708	456.34	+5,388,104
1898	17,163,312	2312.07	11,986,771	203.48	29,150,083	439.47	—5,176,541
1899	22,288,745	3003.91	21,685,715	368.12	43,974,460	662.96	—603,030
1900	16,724,493	2253.91	14,751,631	250.42	31,476,124	474.54	—1,972,862
1901	23,529,606	3171.16	16,572,988	281.33	40,102,594	604.60	—6,956,618
1902	30,138,713	4061.86	24,940,151	423.36	55,078,865	830.38	—5,198,561
1903	25,871,278	3486.65	19,528,116	331.49	45,399,394	684 44	—6,343,162
1904	29,180,946	3932.75	27,087,975	459.82	56,268,921	848.32	—2,092,971
1905	76,916,838	1368.17	27,030,772	458.85	103,947,610	567.13	—49,886,066
1906	44,436,209	3988.67	25,671,428	435.77	70,107,637	056 95	—18,764,781
1907	36,903,476	4973.45	26,597,660	451.50	63,501,136	957.35	—10,305,816
1908	41,245,704	5558.76	23,824,059	404.41	65,069,763	980.99	—17,421,645
1909	32,606,549	4394.47	32,446,245	550 77	65.052,794	980 75	—160,304
1910	24,799,494	3342.18	32,288,831	548.11	57,088,325	860.67	+7,489,337
1911	40,822,853	5501.75	33,965,679	576.56	74,788,532	1127.51	—6,857,174
1912	36,197,671	4878.44	35,049,902	594.97	71.247,573	1074.13	—1,147,769
1913	35,427,198	4774 53	37,650,301	639.11	73,077,499	1101 71	+2,223,103
1914	41,231,654	5556 87	40.213,065	682.62	81,444,719	1227.86	—1,018,589
1915	37,043,449	4992.32	60,579,257	1028.33	97,622,706	1471.78	+23,535,808
1916	53,823,799	7253.91	72,080,705	1223.57	125,904,504	1898.14	+18,256,906
1917	60,960.777	8215.77	94,786,229	1608.99	155,747,006	2348.06	+33,825,452
1918	58,686,044	7909.16	77,134,205	1309.35	135,820,249	2047.64	+18,448,161
1919	110,236,706	14856.74	101,118,677	1716.48	211,355,383	3186.46	—9,118,029
1920	143,198,962	19299.06	67,111,451	1139.20	210,310,413	3170.66	—76,087,511
1921	175,789,652	23691.24	89,541,816	1519.95	265,331,468	4000.26	—86,247,836
1922	169,004,534	22776.82	97,579,046	1656.41	266,583,580	4019.04	—71,425,488
1923	154,447,651	20814.96	126,803,772	2152.50	281,251,423	4240.18	—27,643,869
1924	190,056,942	15614.15	100,754,411	1710.30	291,711,353	4397.87	—90,202,531
1925	142,513,422	19206.60	143,153,127	2430.02	285,666,549	4306.73	+689,705
1926	187,647,086	25289.35	150,213,108	2548.17	337,760,189	5092.11	—37,533,988
1927	166,793,690	22478.84	121,752,658	2066.74	288,546,384	4350.15	—54,041,032
1928	205,541,351	17700.94	127,204,573	2159.29	332,945,924	5016.50	—78,336,778
1929	230,843,677	31110.91	137,126,287	2339.77	368,679,964	5558.25	—97,007,397
1930	232,401,941	31321.56	131,880,076	2238.67	364,286,017	5492.02	—100,525,865
1931	321,341,671	4493.53	120,204,774	2040.48	441,546,442	6656.80	—201,136,897
1932	269,176,000	36277.08	59,993,000	1018.38	329,169,000	4962.59	—209,183,000

of the territorial rights of China. Subsequently an agreement of four articles was signed in 1880, and another containing six articles in 1894, these two agreements relating to the striction of Chinese immigration into the United States. A more important commercial treaty was signed in 1903, its main points being as follows:—

1. Inclusion of the most-favored-nation clause.
2. Substitution of surtax on imports in place of *likin* and other similar duties, but this surtax not to be more than 1½ times the import duty, and the export duty (including surtax) not to be more than 7½ per cent *ad valorem*.
3. American merchants to be allowed to build their own godowns at treaty ports.
4. Mukden and Antung opened as treaty ports.

After 1903, as the United States had greatly developed its commerce in China, no important changes were witnessed in regard to the commercial treaties between the two countries until 1928, when—with the announcement of the Chinese Government's intention to replace all old treaties with new ones—the United States was the first nation to sign a revised commercial treaty with China. This agreement, aiming at the further development of trade between the two countries, was signed in July, 1928, and this was the only occasion upon which China took the initiative in suggesting the drafting of a trade treaty.

THE TREND OF TRADE

The trend of China's trade with the United States may be conveniently divided into three periods, 1864-1894, 1895-1913, and 1914-1932. During the first period the annual volume of trade varied from Hk. Tls. 5,000,000 to Hk. Tls. 20,000,000. In 1868 the total amounted to Hk. Tls. 6,600,000 increasing to Hk. Tls. 25,000,000 in 1894. In terms of gold dollars the volume of trade between two countries in 1871 amounted to G.$17,067,000 and increased to G.$19,794,000 in 1894. There was no very striking development during the first period, among the reasons for this slow expansion being the following:

1. Decline of American shipping after the Civil War.
2. The adoption in 1862 of a restrictive tariff in the United States.
3. Japan tea and silk appeared on the American market, in keen competition with the Chinese products.

After the Sino-Japanese War of 1895, Japan's trade with China increased very considerably, but at the same time there was continued expansion of Chinese trade with the United States. In 1895, taking 1864 as the base year, the index number was 308, increasing to 848 in 1904 and to 1,567 in 1905, but fell to 1,101 in 1913. The index number of imports fell from 10,368 in 1905 to 4,774 in 1913, while for exports the index number increased from 458 in 1905 to 638 in 1913.

During the period from 1914 to 1932 American trade with China show of rapid expansion, in 1931 amounting to over Hk. Tls. 440,000,000 though in 1932—owing to the world depression—the total was reduced to Hk. Tls. 320,000,000.

Prior to 1895, Chinese exports to the United States were always in excess of imports from America, the favourable balance amounting to over Hk. Tls. 5,000,000, and for the period of 28 years, from 1868 to 1895, the total balance in favor of exports was over Hk. Tls. 164,000,000. During this period the principal imports from the United States were cotton, cotton piece-goods, minerals, and oils, amounting to G.$2,000,000, while the principal exports from China consisted of silk, and tea, their aggregate value amounting to over G.$10,000,000. From 1896 to 1932 the trade with United States showed an excess of imports with the exception of 1897, 1910, 1913, 1915, 1918 and 1925. In 1930 the balance in favor of American imports amounted to over Hk. Tls. 101,000,000 and increased to Hk. Tls. 201,000,000 in 1931 and further expanded in 1932 to Hk. Tls. 209,000,000. The table shows the trend of trade since 1868, values being expressed in Hk. Tls.

In terms of gold the table on the previous page is expressed as follows:—

SINO-AMERICAN TRADE DURING 1931-32 IN GOLD DOLLARS

Year	Rate of Exchange	Exports Hk. Tls. (1000)	Exports Gold $ (1000)	Imports Hk. Tls. (1000)	Imports Gold $ (1000)	Total Hk. Tls. (1000)	Total Gold $ (1000)
1913	0.73	37,650	27,485	35,427	25,862	73,077	52,346
1914	0.67	40,213	26,943	41,231	27,625	81,444	54,567
1915	0.62	60,579	37,559	37,043	22,967	97,622	60,526
1916	0.79	72,080	56,943	53,823	42,520	125,904	99,464
1917	1.03	94,786	97,630	60,960	62,789	155,747	160,419
1918	1.26	77,143	96,980	58,686	73,944	135,820	171,133
1919	1.39	101,118	140,554	110,236	153,228	211,355	293,782
1920	1.24	67,111	83,218	143,188	177,566	210,310	260,784
1921	0.76	89,541	68,051	175,789	129,200	265,331	201,652
1922	0.83	97,579	80,991	169,004	140,273	266,583	221,264
1923	0.80	126,803	101,442	154,447	123,558	281,251	225,001
1924	0.81	100,754	81,611	190,056	153,945	291,711	236,286
1925	0.84	143,153	120,249	142,512	119,711	65,666	239,959
1926	0.76	150,113	114,086	187,647	142,612	337,760	256,698
1927	0.69	121,752	84,009	166,793	115,087	288,546	199,097
1928	0.71	127,204	90,315	205,541	145,984	333,745	236,959
1929	0.64	137,836	88,215	280,848	147,740	368,679	235,955
1930	0.46	131,880	60,665	232,405	106,906	364,286	167,572
1931	0.34	120,204	40,869	321,341	109,256	441,546	150,126
1932	0.34	59,993	20,398	269,176	91,520	329,169	111,917

CHINA'S POSITION IN FOREIGN TRADE OF U.S.A.

China took very little of the total exports from the United States, but in 1931 she imported a huge quantity of wheat and cotton, and when this is added to the other imports the total value represented about 4.70 percent of American exports. Exports from China to the United States in 1928 represented about 5.59 percent China's total exports, but in 1931 fell to 3.49 percent. The following table shows the position held by China in the foreign trade of the United States, values being expressed in thousands of gold dollars:

CHINA'S POSITION IN AMERICA'S FOREIGN TRADE*

Year	Total Trade of U.S.A. Exports	Total Trade of U.S.A. Imports	China's Share Exports	China's Share Imports	Percentage held by China Exports	Percentage held by China Imports
1910	1,744,985	1,556,947	15,832	33,109	0.91	2.13
1915	2,768,589	1,674,170	19,749	52,838	0.72	3.16
1920	8,228,016	5,278,481	178,784	250,082	2.17	4.74
1921	4,485,031	2,509,148	132,331	112,658	2.95	4.49
1922	3,841,777	3,112,747	127,012	151,975	3.30	4.88
1923	4,167,498	3,792,066	134,965	211,849	3.24	5.59
1924	4,590,984	3,609,963	134,269	186,820	2.92	2.79
1925	4,909,848	4,226,589	114,015	190,255	2.32	4.50
1926	4,808,660	4,430,888	129,490	157,963	2.69	2.57
1927	4,865,373	4,184,742	109,085	169,153	2.24	4.04
1928	5,128,356	4,091,444	165,884	156,537	3.23	3.83
1929	5,240,995	4,393,361	155,570	182,735	2.97	4.15
1930	3,843,181	3,060,908	112,997	113,275	2.91	3.69
1931	2,424,289	2,090,635	114,479	73,811	4.70	3.49

*Values in 1000 Gold Dallars

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AMERICAN POSITION IN CHINA'S FOREIGN TRADE

From the changed position held by the United States in China's foreign trade, we may judge the importance of existing trade relations between China and the United States and also the influence exercised by various countries in the Far East. From the following table it will be noticed that since 1870 the volume of business contributed by the United States to China trade has increased tremendously. In 1870 the trade of the United States was only 6.7 per cent of the total but increased to 8.5 per cent in 1900, and further expanded to 16.12 and 21.16 per cent in 1920 and 1932 respectively. This rapid expansion has brought the United States from second place in 1870 to first place in 1932. In the analysis of imports from the United States to China this expansion is more noticeable. In 1870 China took only about one per cent of her total imports from the United States, but in 1932 imports from the United States to China amounted to 25.43 per cent, this expansion proceeding faster even than imports from Japan. In regard to China's exports to the United States, the position is different. In 1925 and 1926 exports from China were 17 and 18 per cent respectively of the total trade, with 8.4 per cent in 1910, the lowest figure ever reached. Taking these figures as base, the share contributed by China to the United States imports during a period of over 60 years has decreased from 13.74 per cent in 1870 to 12.17 per cent in 1932. The following table shows the relative positions held by the United States, Japan, and Great Britain in China foreign trade, figures being shown in percentage:—

RELATIVE POSITION OF U.S.A., BRITAIN & JAPAN IN CHINA'S TRADE*

Year	Imports			Exports			Total		
	U.S.A.	Great Britain	Japan	U.S.A.	Great Britain	Japan	U.S.A.	Great Britain	Japan
1870	0.58	37.96	2.20	13.74	52.49	4.48	6.70	44.72	3.16
1875	1.50	31.17	3.66	11.14	42.32	2.83	6.36	36.79	3.25
1880	1.52	27.54	4.41	11.69	35.72	2.83	6.56	13.63	3.62
1885	3.76	27.30	5.97	12.76	33.83	2.29	7.58	30.01	4.41
1890	2.89	19.36	5.81	9.37	15.02	5.54	5.53	17.60	5.70
1895	2.97	19.78	10.01	10.73	7.38	10.34	6.50	14.14	10.16
1900	7.92	21.54	12.20	9.28	5.88	10.65	8.50	14.81	11.53
1905	17.20	19.82	13.72	11.86	7.93	15.56	15.40	15.49	14.34
1910	5.46	15.32	16.58	8.48	4.91	16.18	6.76	10.62	16.40
1915	8.15	15.74	26.46	14.46	7.62	18.54	11.18	11.85	22.66
1920	18.06	17.19	29.71	12.38	8.32	26.11	16.12	13.58	28.4
1925	14.77	9.65	32.73	18.44	6.24	28.50	16.40	8.08	30.51
1926	16.39	10.16	29.43	17.37	6.46	24.50	16.81	8.57	27.60
1927	16.13	7.26	29.0	13.25	6.31	22.7	14.78	6.81	26.0
1928	16.99	9.40	26.7	12.83	6.16	23.1	15.12	7.94	25.1
1929	18.02	9.30	25.5	13.57	7.31	25.11	16.05	8.42	25.4
1930	17.50	8.15	24.63	14.74	7.00	24.20	16.52	7.75	24.66
1931	22.19	8.29	20.04	13.22	7.09	27.41	18.84	7.87	23.02
1932	25.43	11.20	13.95	12.17	15.35	21.38	21.16	10.07	17.07

*Expressed in percentages.

THE PRINCIPAL LINES OF TRADE BETWEEN CHINA AND AMERICA

SINO-AMERICAN TRADE IN 1932

Nature of Goods	Imports from U.S.A. Value (gold dollar)	Per-centage	Exports to U.S.A. Value (gold dollar)	Per-centage
Raw materials	53,515,976	55.11	40,144,780	60.13
Woodstuffs	6,670,160	6.87	1,376,979	2.06
Manufactured woodstuffs	4,998,289	5.15	4,476,408	6.70
Semi-Manufactured goods	9,420,500	9.70	10,323,251	15.46
Manufactured goods	22,503,949	23.17	10,437,756	15.64
Total	97,108,874	100	66,759,174	100

The trade between China and the United States differs from that with other countries in that here imports and exports consist mainly of raw materials, while the imports from countries like Great Britain and Japan consist mainly of manufactured goods, particularly cotton textiles. In 1931 raw materials consisted 60 per cent of China's exports to the United States and 55 per cent of American imports to China. Viewed from the point of national economy, the nature of American imports makes them in no way harmful to China's undeveloped industry. The table in the previous column shows the value and quantity of imports and exports between China and the United States in 1932.

PRINCIPAL AMERICAN IMPORTS

IMPORTS FROM AMERICA DURING 1931-32

Goods	1931 Value (1000 Hk. Tls.)	1931 Percentage in China's Total Import of the same Article	1931 Percentage in U. S. A. Total Exports of the Same Article	1932 Value (1,000 C.G.U.)	1932 Percentage in China's Total Import of the same Article
Raw Cotton	104,419	58.3	11.7	84,944	83.4
Machinery	5,840	13.3	8.9	4,332	15.2
Vehicles and Aeroplanes	3,679	25.0	—	1,113	20.8
Motor Cars and Parts	3,138	53.5	—	4,928	66.8
Electric Fittings	3,660	19.8	—	1,851	29.8
Radio Sets	—	—	—	1,129	65.0
Wheat	14,222	16.2	12.8	6,553	14.9
Flour	8,558	29.9	10.8	18,979	63.0
Cigarettes	473	42.3		589	20.1
Tobacco	47,651	98.3	13.1	20,097	96.0
Artificial Indigo	3,524	25.2	—	1,138	29.3
Printing Ink	—	—	22.1	642	64.8
Gasoline, Naptha and Benzine	6,486	44.2	1.2	5,247	51.8
Liquid Fuel	2,366	24.1	—	2,439	29.7
Kerosene	38,556	59.7	3.47	6,590	56.3
Lubricating Oil	4,110	68.5	2.29	3,269	79.9
Paraffin Wax	2,688	31.2	5.59	1,405	30.9
Paper	3,150	74.3	6.19	3,043	10.4
Timber	13,737	61.6	9.88	3,932	39.9
Railway Sleepers	1,306	36.9	—	1,161	58.0
Photographic Materials	2,366	52.3	—	2,158	66.5
Rubber Tyres	1,265	27.0	—	713	22.9
Tinned Plates	7,024	53.3		—	—
Steel Bars	202	40.0	5.44	1,918	27.6
Rails	814	40.0		—	—

During the last quarter of the 19th century imports from the United States consisted principally of wheat, flour, and cotton goods, though during the last decade kerosene began to assume some importance. At the beginning of the present century cotton goods occupied the first place, constituting over 50 per cent of the total import from the United States, while kerosene ranked next, but since 1912 the quantity of American cotton goods imported has been insignificant on account of Japanese and British competition.

From 1912 to 1929, with the exception of 1918 and 1924 in which years tobacco occupied the foremost position in American imports to China, kerosene was the leading line in American imports. From 1930, however, raw cotton occupied the premier position, and cotton imports amounted to Hk. Tls. 100,000,000 in value during 1931. Imports of wheat and flour, which decreased considerably after 1912, again rose on account of the great floods and the development of flour milling in China, while of timber, tobacco, and machinery, considerable quantities were imported every year. The following table shows the relative positions of the principal lines of imports from the United States.

RELATIVE POSITION OF PRINCIPAL LINES OF IMPORTS FROM U.S.A.*

Value	1st	2nd	3rd	4th.	5th.	6th.	7th.
1912	Kerosene	Cotton goods	Flour	Raw Cotton	Tobacco	Iron & Steel	Timber
Value	12.2	7.8	3.2	3.1	1.6	1.0	0.8
1913	Kerosene	Cotton goods	Tobacco	Iron & Steel	Timber	Flour	Machinery
Value	11.6	8.9	3.6	2.2	2.0	1.2	1.0
1914	Kerosene	Cotton goods	Flour	Timber	Tobacco	Raw Cotton	Iron & Steel
Value	19.0	4.8	2.6	1.8	1.7	1.1	1.1
1915	Kerosene	Raw Cotton	Cotton goods	Iron & Steel	Tobacco	Timber	Machinery
Value	14.6	6.8	3.0	1.3	1.2	1.1	1.0
1916	Kerosene	Tobacco	Iron & Steel	Machinery	Timber	Motor Cars	Raw Cotton
Value	19.8	16.7	5.1	2.2	0.7	0.5	0.4
1917	Kerosene	Tobacco	Iron & Steel	Cotton Goods	Machinery	Railway Carriages	Lubricating Oil
Value	18.2	8.5	4.2	1.7	1.6	1.3	0.9
1918	Kerosene	Tobacco	Iron & Steel	Machinery	Railway Carriages	Lubricating Oil	Cotton Goods
Value	14.1	10.1	8.2	2.8	1.3	1.1	0.6
1919	Kerosene	Iron & Steel	Tobacco	Railway Carriages	Machinery	Lubricating Oil	Timber
Value	31.3	12.2	11.0	8.0	6.7	1.9	1.8
1920	Kerosene	Iron & Steel	Machinery	Tobacco	Railway Carriages	Timber	Motor Cars
Value	38.8	13.8	12.4	11.7	6.6	6.0	2.1
1921	Kerosene	Tobacco	Machinery	Raw Cotton	Iron & Steel	Railway Carriages	Steel Tools
Value	37.5	20.0	22.2	11.7	11.3	10.5	3.6
1922	Kerosene	Tobacco	Machinery	Brass & Copper	Flour	Railway Carriages	Iron & Steel
Value	46.9	32.5	12.1	11.2	9.1	7.7	6.7
1923	Kerosene	Tobacco	Flour	Wheat	Machinery	Copper & Brass	Iron & Steel
Value	42.2	31.3	26.3	6.9	7.5	4.7	4.3
1924	Kerosene	Tobacco	Flour	Copper & Brass	Iron & Steel	Timber	Machinery
Value	45.9	40.4	18.0	11.8	8.7	6.7	5.7
1925	Kerosene	Tobacco	Raw Cotton	Flour	Timber	Iron & Steel	Machinery
Value	50.6	29.4	6.6	5.0	4.3	4.3	3.7
1926	Kerosene	Tobacco	Raw Cotton	Timber	Flour	Sugar	Machinery
Value	47.3	38.5	18.0	8.8	7.8	6.2	5.1
1927	Kerosene	Raw Cotton	Tobacco	Iron & Steel	Timber	Fuel Materials	Machinery
Value	33.0	31.5	9.3	6.7	5.6	3.5	3.0
1928	Kerosene	Raw Cotton	Tobacco	Iron & Steel	Timber	Machinery	Petroleum
Value	46.9	19.8	16.0	8.6	6.4	5.5	3.4
1929	Kerosene	Raw Cotton	Timber	Tobacco	Iron & Steel	Machinery	Motor Cars
Value	37.9	34.7	14.1	10.0	9.5	6.2	5.3
1930	Raw Cotton	Tobacco	Kerosene	Flour	Timber	Machinery	Motor Cars
Value	51.8	37.8	33.3	12.1	8.5	7.2	2.9
1931	Raw Cotton	Tobacco	Kerosene	Timber	Wheat	Flour	Iron & Steel
Value	104.4	48.2	38.5	15.1	14.2	8.5	2.9
1932	Raw Cotton	Kerosene	Tobacco	Flour	Wheat	Gasoline	Timber
Value	84.9	28.9	21.7	18.9	6.5	5.2	5.0

*Values in million Hk. Tls. (1932 in million Custom Gold Units)

—(To be Continued)